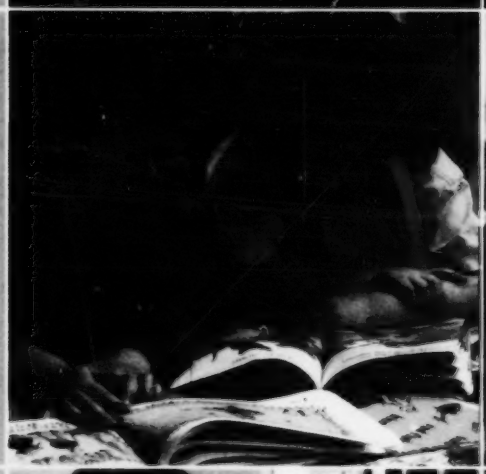
BUDGET



The New Newfoundland and Labrador

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GOVERNMENT OF
NEWFOUNDLAND AND LABRADOR

BUDGET SPEECH 2003

"Building Our Future Together"

Presented by

HONOURABLE JOAN MARIE AYLWARD
Minister of Finance and
President of Treasury Board

At The
Fifth Session of The Forty Fourth General Assembly
of The House of Assembly

THURSDAY, MARCH 27, 2003

103-04043/

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PLANNING FOR THE FUTURE

Mr. Speaker, this budget will demonstrate once again that any commitment made by this government to the people of the Province will be a commitment kept. Over our term we have made commitments to enhance education and youth opportunities, to better health care and to help those most in need. We continue to honour those commitments.

We have a forward looking and focussed plan, not only for social programs, but also to better the economic circumstances of all regions of the Province. Our commitment is to creating opportunities for jobs and growth. The result is one of the best performing provincial economies in the country.

We intend to do more - in education, for youth, to improve health, to expand opportunities, to grow the economy and to create employment. Our commitment is to the whole province, but particularly to the rural areas where some of the challenges may be greater.

I travelled the Province conducting pre-budget consultations to get advice directly from the people of the Province. I thank them for their thoughtful advice. What I heard shaped the direction and thrust of this budget. This was particularly important this year because of the prospect of a widening deficit gap, at least in the shorter term. The options I discussed with Newfoundlanders and Labradorians to address that gap were to cut social programs, raise taxes or incur higher deficits until the economy, led by offshore oil, generated higher revenues.

People everywhere advised me to tell government not to react prematurely to what may be a short term fiscal challenge by cutting back their social programs. As a government, we have worked too hard to strengthen social programs to begin dismantling them now, in our view unnecessarily. Instead, we will continue to manage the Province's finances prudently, as well as to enhance social programs and grow the economy, all for the longer term. The course we have set in this budget is a plan for the future that again acts on our commitments to the people of the Province and respects their advice.

BUDGET PLAN

Economic Climate - 2002 Review

Mr. Speaker, when the budget was prepared last year economic uncertainties prevailed worldwide in the wake of September 11. Our economic forecast at that time for the Province was positive, but modest. Subsequent events have shown our economy was much more robust in 2002. Most economic indicators out-performed their budget forecast, some by wide margins.

The Province led the country in economic growth in 2002 for the third time in five years. Our economy, measured by the change in GDP, grew in real terms by 8.2 percent, its best performance in almost 30 years. Led by growth in offshore oil production, the real value of exports rose by over 20 percent.

Terra Nova produced first oil in January 2002. When combined with Hibernia, total offshore oil production reached 104 million barrels, a 92 percent increase over 2001. In March 2002 Husky Energy announced that it would proceed with development of the White Rose field, with first oil predicted in 2005.

This government also reached an historic agreement in 2002 with Inco for the development of the Voisey's Bay nickel deposit. The improving economy led to employment growth, which reached 213,900 person years, the highest level ever recorded on an annual average basis. The value of retail trade surpassed $5 billion for the first time.

Economic Climate - 2003 Outlook

Mr. Speaker, our strong economic performance in 2002 is expected to carry over to 2003. Real GDP is forecast to grow by 5.4 percent in 2003.

Offshore oil production is expected to grow by 31 percent to almost 137 million barrels. Offshore exploration activity will also increase, with two exploratory wells to be drilled in the Flemish Pass area and delineation wells drilled at White Rose and Terra Nova.

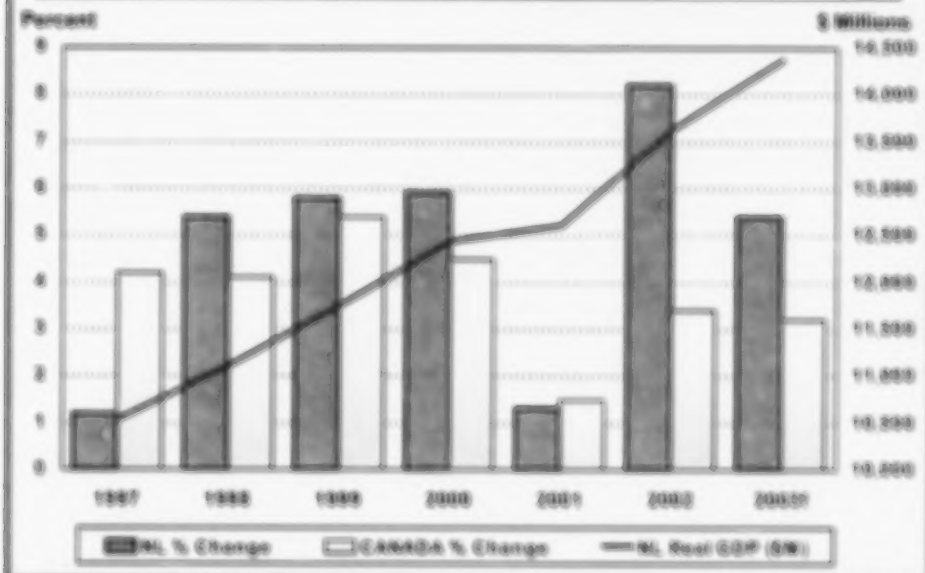
Capital investment is forecast to increase to $3.5 billion, the second highest level ever. Direct employment for White Rose should approximate 800 in 2003, with Voisey's Bay averaging 320. Overall, employment could reach a new record high of 217,800.

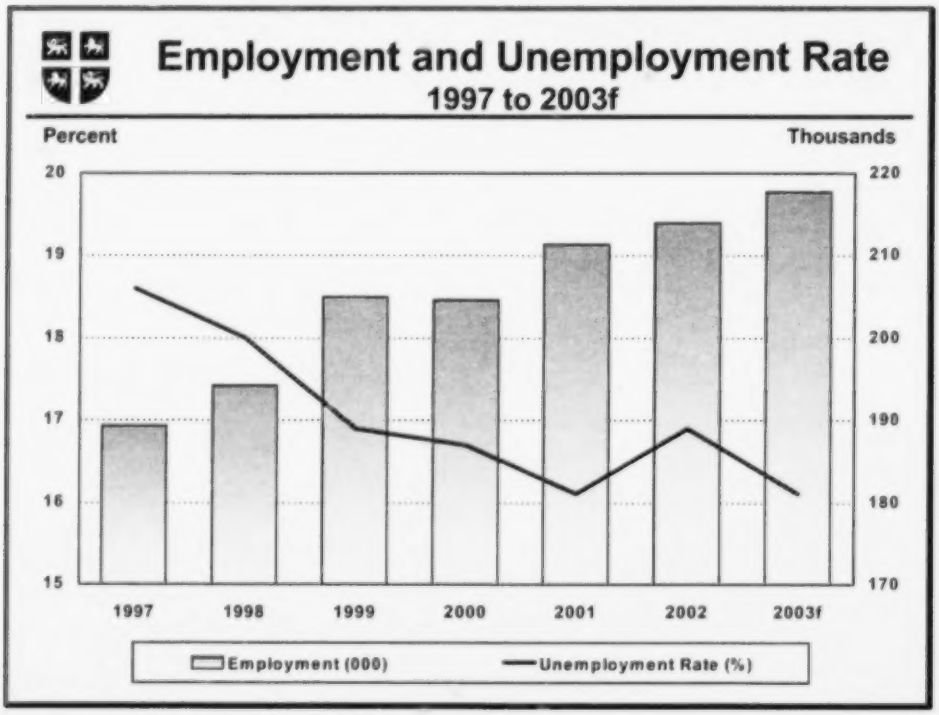
NEWFOUNDLAND AND LABRADOR

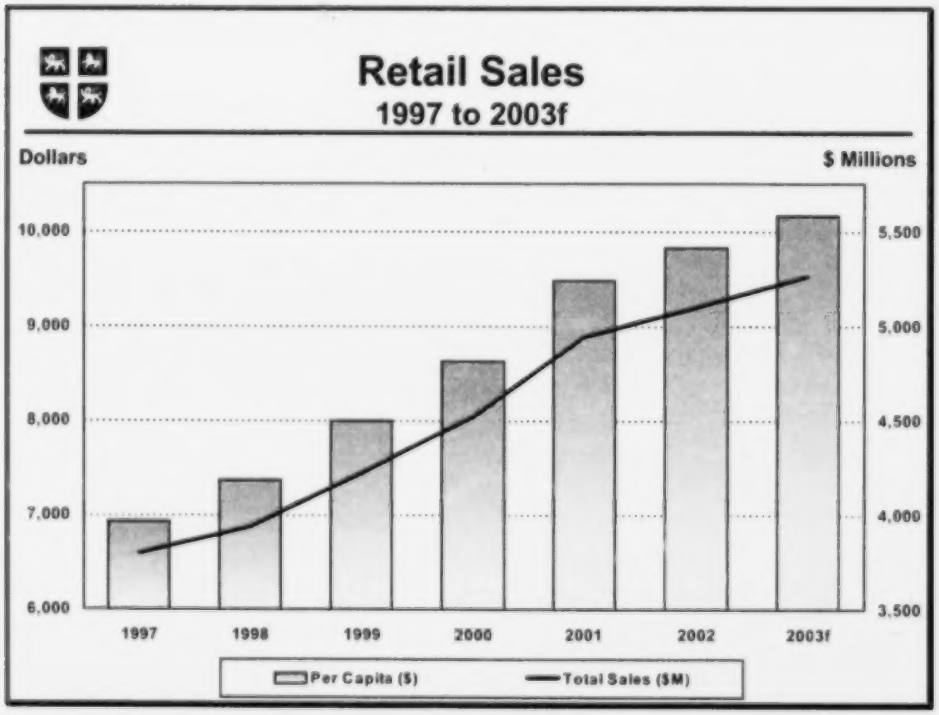
Main Economic Indicators

	2002	2003 f
	(Percentage Change)	
Gross Domestic Product		
Nominal	13.4	7.9
Real	6.2	5.4
Personal Income		
Nominal	5.1	4.1
Real	2.6	1.9
Retail Sales		
Nominal	3.2	3.2
Real	2.6	1.2
Housing Starts	35.3	0.0
Consumer Price Index	2.4	2.2
Employment	1.2	1.8
Unemployment Rate (percent)	16.9	16.1

Growth in Real GDP
1997 to 2003f




Employment and Unemployment Rate
1997 to 2003f
Percent
Thousands
20
19
18
17
16
15
220
210
200
190
180
170
1997
1998
1999
2000
2001
2002
2003f
Employment (000)
Unemployment Rate (%)


Retail Sales
1997 to 2003f
Dollars
$ Millions
10,000
9,000
8,000
7,000
6,000
5,500
5,000
4,500
4,000
3,500
1997
1998
1999
2000
2001
2002
2003f
Per Capita ($)
Total Sales ($M)

Business and consumer confidence remains high. This government has presided over one of the few periods of sustained high economic growth since Confederation, with real GDP growth topping the country for likely four of the most recent six years and the number of people employed in the Province reaching new highs.

Fiscal Framework - 2002-03 Performance

Mr. Speaker, as well as fostering a strong economy, this government has built a record of sound fiscal performance. In the budget last year we forecast a deficit of $93.3 million in the face of the world wide economic uncertainties that followed September 11. We stated at that time we were optimistic that an economic recovery could bring the deficit down even lower. Subsequent events proved this to be correct.

By year end, we anticipate revenues will be up by $176.9 million. This was all due to growth in our own source revenues. Transfers from the federal government were actually $27.4 million lower than anticipated. Expenditures should be $10.8 million lower than budget. Taken together, these developments transformed a $93.3 million budgeted deficit into a $94.4 million surplus.

This surplus gave us the flexibility to take a number of measures, including not removing $97 million from the Labrador Transportation Initiative Fund. One time revenues of $57 million were deferred to the coming fiscal year, a move that mirrors a successful strategy of deficit management that we have employed before. Finally, we will make a year end contribution to the Memorial University Opportunity Fund of $2.1 million. These measures total $156.1 million and brings our surplus back to a modest deficit of $61.7 million.

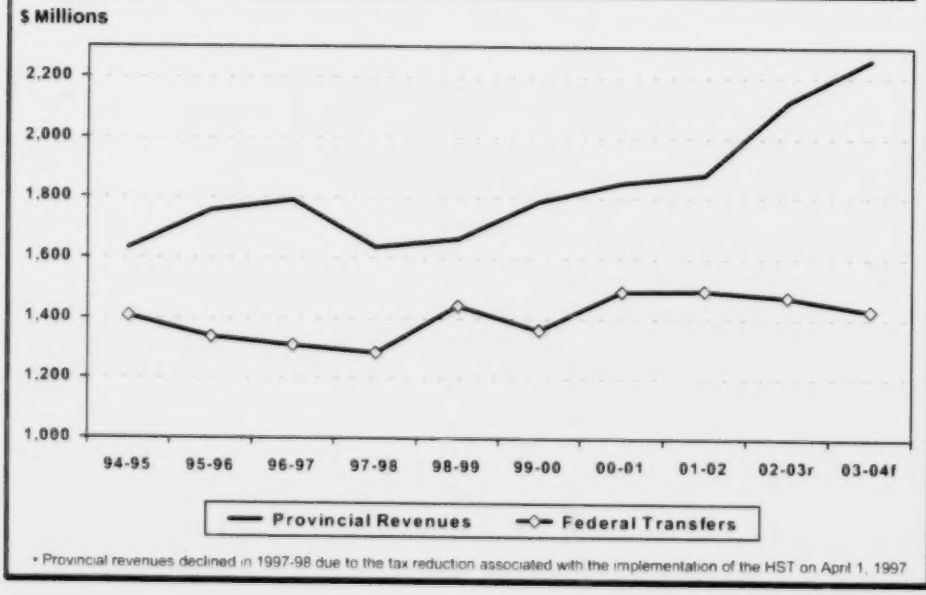
It is this cash deficit figure that is on a comparable basis to all those reported in every budget going back to Confederation. In fact, prior to the mid 1990s when we ushered in the most responsible period of fiscal management since Confederation, one would have to go back to 1970-71 to find a lower cash deficit.

As part of our commitment to increase accountability, we are adopting budgetary policy that better reflects the norms that have become more common in other jurisdictions. To this end, commencing for the 2002-03 fiscal year we will now be including in our budgetary position borrowing for investment in certain long term assets and capital projects. These borrowings total $81.5 million and when added to our cash deficit of $61.7 million brings the consolidated deficit for 2002-03 to $143.2 million.

Summary of 2002-03 Financial Performance

	Budget 2002-03	Revised 2002-03 ($ Millions)	Variance
Current Account			
Gross Expenditure	3,826.9	3,831.5	(4.6)
Related Revenue	318.3	304.3	(14.0)
Net Expenditure	3,508.6	3,527.2	(18.6)
Provincial and Federal Revenues	3,521.9	3,591.8	69.9
Current Account Surplus	13.3	64.6	51.3
Capital Account			
Gross Expenditure	225.2	206.5	18.7
Related Revenue	118.6	80.2	(38.4)
Net Expenditure	106.6	126.3	(19.7)
Total Budgetary (Deficit)	(93.3)	(61.7)	31.6

Provincial Revenues and Federal Transfers
1994-95 to 2003-04f

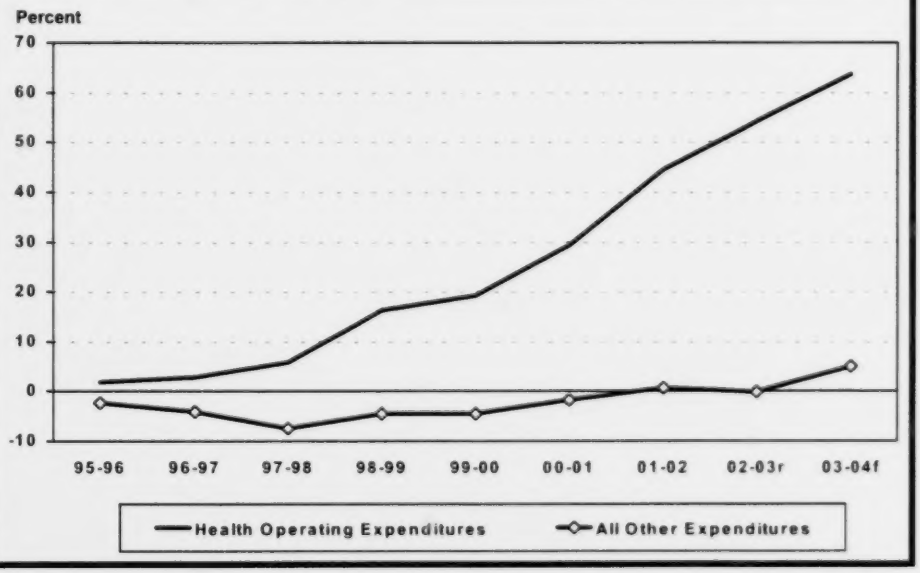


* Provincial revenues declined in 1997-98 due to the tax reduction associated with the implementation of the HST on April 1, 1997.

Estimated Budgetary Position

	Budget 2003-04	Revised 2002-03
	($ Millions)	
Current Account		
Gross Expenditure	4,017.9	3,831.5
Related Revenue	228.1	304.3
Net Expenditure	3,789.8	3,527.2
Provincial and Federal Revenues	3,688.2	3,591.8
Current Account (Deficit) Surplus	(101.6)	64.6
Capital Account		
Gross Expenditure	243.3	206.5
Related Revenue	132.2	80.2
Net Expenditure	111.1	126.3
Budgetary (Deficit)	(212.7)	(61.7)
Borrowing - Other Entities	(73.9)	(81.5)
Consolidated (Deficit)	(286.6)	(143.2)

Cumulative Expenditure Growth 1994-95 to 2003-04f



I would like to emphasize that the only thing that has changed is the way we account for some of our capital borrowings. In the past, most of the costs would have been recorded in our cash reporting as these borrowings were repaid, rather than this new practice of recording them in lump sum when the funds are first borrowed.

Fiscal Framework - 2003-04 Forecast

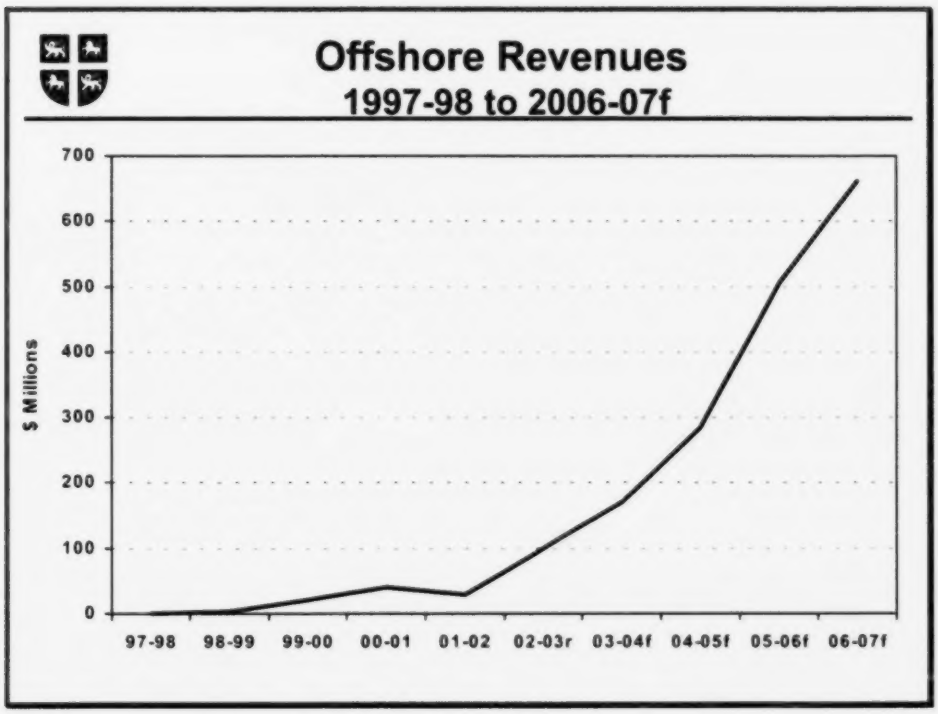
Mr. Speaker, preparing any budget always has its challenges, some years more than others. For the coming fiscal year, we had a number of events that converged to put pressure on our fiscal position.

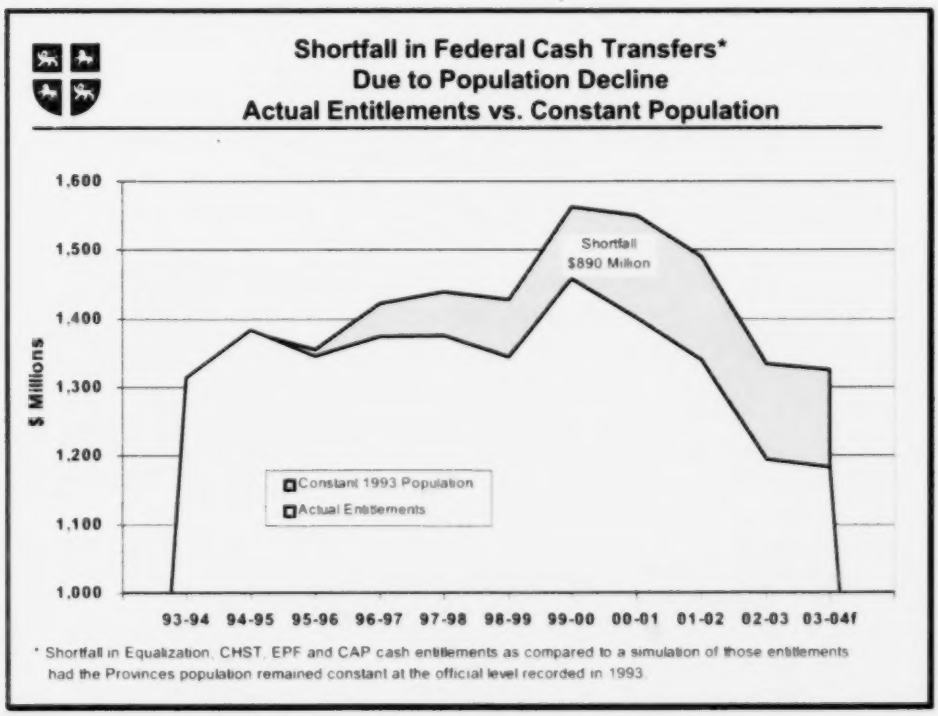
Inevitably, the collapse of the groundfishery under federal management has had consequences for the Province's fiscal position. On the one hand, the Province has had to spend more to counteract some of the economic and social consequences, while, on the other hand, a smaller population means fewer taxpayers and lower federal transfer payments which are per capita based. If our population remained at the 1994 level, for example, we would receive $140 million more in federal transfers in 2003-04 than we expect to receive. In fact, our federal cash transfers will be roughly the same in the coming year as they were 1994-95, with the transfer in support of health expenditures actually $58 million lower.

Over the same period, the cost of health care has skyrocketed. This is a national phenomenon, and we cannot shelter ourselves from it. Since 1994-95 the cost of operating the health care system is up 63.6 percent, now absorbing 42 cents of every program dollar we spend. This is adding well in excess of half a billion dollars annually to our expenditures.

Other than rising health care costs, which is a national issue, we have contained our expenditures. Everything else we spend on the whole range of government activities and programs, all our other expenditures, have increased in cost by only 5 percent over the same period, the equivalent of less than one percent a year.

The best way that we as a government can close the gap between dramatically rising health expenditures and flat or falling federal transfers, other than cutting social programs, is to generate more revenues ourselves within the Province by growing our economy. This government has not made a practice of raising taxes. In fact, we have cut the overall tax burden, both in personal and business taxes. By growing the economy, our provincial own source revenues will see an increase in 2003-04 when compared to 1994-95 of over $625 million, approaching 40 percent.


Offshore Revenues
1997-98 to 2006-07f
$ Millions
700
600
500
400
300
200
100
0
97-98
98-99
99-00
00-01
01-02
02-03r
03-04f
04-05f
05-06f
06-07f


Shortfall in Federal Cash Transfers*
Due to Population Decline
Actual Entitlements vs. Constant Population
$ Millions
1,600
1,500
1,400
1,300
1,200
1,100
1,000
Shortfall
$890 Million
Constant 1993 Population
Actual Entitlements
93-94
94-95
95-96
96-97
97-98
98-99
99-00
00-01
01-02
02-03
03-04f
* Shortfall in Equalization, CHST, EPF and CAP cash entitlements as compared to a simulation of those entitlements had the Provinces population remained constant at the official level recorded in 1993.

The situation we face is rapidly rising health costs and modest growth in other expenditures, offset by strong provincial revenue growth and weak federal transfer payments. This inevitably would create a deficit gap, eventually a larger one like we face for the coming year. As our oil revenues grow, this gap can be closed, but in the interim period choices have to made. These choices are to cut social programs back now and restore them later as revenues improve, to raise taxes substantially or to incur higher deficits on a temporary basis while oil revenues grow.

Mr. Speaker, this government will keep its commitments to sustain social programs. As long as the deficit is affordable and it can be eliminated over a couple of years by revenue growth, we see no reason to cut back our social programs, like health care and education, to lower the deficit now. With a reasonable expectation the deficit can be eliminated by revenue growth, any cuts would not only be unnecessary, they would be a backward step that goes against the advice given to me by the people of the Province.

Let me turn briefly to why we believe a higher deficit is affordable. Our cash deficit for the coming year is forecast to be $212.7 million. We have compared this deficit to past deficits, evaluating them as a percentage of expenditures and the size of our economy as measured by GDP.

Our cash deficit for the coming year is 5 percent of expenditures. From Confederation to 1994-95 the average was 10.3 percent, more than double. The only period when it has been consistently lower than 5 percent is during the term of this government.

If we consider deficits as a percentage of GDP, we have the same result. Our cash deficit for the coming year is 1.3 percent of GDP. Prior to 1994-95 the average was 3.6 percent, again more than double. The only period when it was consistently lower is during the term of this government.

So in terms of relative size, deficits larger than the one we are forecasting for 2003-04 were quite manageable in the past. And, these previous deficits were incurred during times when there was not the optimism there is today about growing oil revenues and our buoyant economy.

Certainly, I do not wish to imply that a deficit in the $200 million range is insignificant or that we are simply dismissing it. This government takes prudent financial management very seriously. Both major US rating agencies upgraded the Province during our term in office. Our credit rating is now the highest it has been since we became a province. Part of the reason for this is that this government is the most fiscally responsible in the history of the Province.

Anyone who looks at our record for the seven fiscal years from 1996-97 to 2002-03 can see our average deficit works out to be just over $25 million. This is an achievement for which there is no parallel since Confederation. The average deficit during the 1970s was $137.5 million, and during the 1980s was on average $208.7 million. These numbers would be much higher if they were adjusted for inflation to give a proper comparison.

In many, if not most, of the years since 1996-97 there have been dire predictions annually about unmanageable deficits and impending fiscal shocks. The reliability of these fiscal fortunetellers must be suspect by now, as this government has brought in one responsible fiscal plan after another. We have consistently had better financial results than our initial deficit targets. Seven consecutive years of prudent fiscal management does not happen by good luck, it happens by good government.

Rushing to cut social programs now by in excess of $200 million to achieve a balanced budget is just not good public policy. As a government, we believe there is no need to take this course of action given the positive outlook for our economy and our revenues. Accordingly, this budget contains no cuts to social programs or other public services. In fact, it enhances social programs selectively where we determined it would be prudent and responsible to do so.

Improving Accountability

Mr. Speaker, we will be improving accountability in this budget in several ways. This began by restating the cash deficit for the year just ending to include borrowings for certain long term capital projects. This new policy extends to 2003-04 and subsequent years.

As a result, an amount of $73.9 million is being added to the cash deficit. This means that the consolidated deficit for 2003-04 based on our newly adopted reporting policy would be $286.6 million.

This year we are also including for the first time a schedule in the budget document that shows our financial position on the basis of full accrual accounting. This methodology has been gradually adopted by other jurisdictions across the country. Its objective is to give a better matching of government revenues and expenditures with the periods to which they apply. Generally, the adjustments made for full accrual accounting do not affect our cash position or borrowing requirements. Government already reports on the basis of full accrual accounting in its Public Accounts, which are prepared and released annually.

Deficit Reduction over the Next Mandate

Mr. Speaker, if the consolidated deficit were substantially higher and our outlook not as favourable, a much more detailed plan for deficit reduction could be needed. But our financial situation, certainly when compared to past governments, is actually better than it has been for all but a few years since Confederation. What we want to achieve now is an orderly reduction in the deficit over time, while protecting social programs and public services, as well as sustaining business and consumer confidence in our future. Therefore, we are setting targets for deficit reduction that would bring us to a balanced budget over the four year term of our next mandate.

If we target a modest $75 million reduction in the consolidated deficit each year commencing in 2004-05, this deficit will be eliminated over a four year period to 2007-08.

We believe revenue growth could account for all of the fiscal improvement needed to eliminate the deficit, and more. For example, our current account revenues for 2002-03 were $220.9 million higher than the previous year, and we are forecasting these same revenues to be $96.4 million higher in 2003-04 than they were in 2002-03. Oil revenues will have a much more positive impact during the deficit reduction period than they had in these earlier years.

The $75 million deficit reduction amount for any particular year is only a target because we have to retain the flexibility to manage the overall fiscal position for the longer term. Some years we may be able to do more, others less. Our flexibility in any year is a factor of many things that cannot be accurately predicted right now. Oil prices fluctuate. Health costs may grow or slow. The national and international economy rises and falls. Federal transfers are under review. There will be a new leadership in Ottawa. The list goes on.

But, with our record of sound fiscal management, we have demonstrated to the people of the Province that they can have confidence our fiscal decisions are guided by their advice and the best interests of the future of the Province.

Revenue Measures

Mr. Speaker, as well as initiating no cuts to social programs or public services, we have avoided general tax increases in this budget. The budget actually contains some targeted tax relief for both individuals and businesses. It is necessary, however, to raise some additional revenues to contain the deficit while making some social program

enhancements. These measures will affect only those individuals who choose to make certain discretionary spending decisions.

An increase in tobacco taxes will raise an additional $10.5 million annually. The tax on manufactured cigarettes will increase by 1.5 cents per cigarette, while the fine cut loose tobacco tax will increase four cents per gram. Higher prices are a deterrent to habitual smoking, particularly among young people who are the most price sensitive. The Newfoundland and Labrador Liquor Corporation is also being asked to remit an additional $10 million next year.

PEOPLE MAKE THE FUTURE

Better Education for a Better Future

Mr. Speaker, when we look to the future of the Province, nothing is more important than building a culture that values education and provides opportunities for life long learning wherever people live. Education is the foundation that will allow us to compete successfully in the global marketplace and keep our economy growing.

This means we must provide the resources for our students to become the best educated in the country. Our goal is to have student achievement levels in three years that match or exceed the best in the country. We are already out-performing much of the industrialized world. In setting a goal to attain the best achievement levels in Canada we will be producing students whose performance ranks among the best in the world. To do this, we will ensure all our students, whether in urban centres or rural schools, have access to quality educational programming.

KinderStart Kindergarten Orientation Program

Our commitment to education begins with early literacy initiatives such as the *KinderStart* Kindergarten orientation program, which was implemented for the first time this school year. It is an innovative program providing supports to families so children are well prepared and ready to learn when they enter the school system.

Greater Spending per Student in K-12

In the K to 12 school system declining enrolment is an inescapable reality. As of September 2003, enrolment will have declined almost 20 percent over the previous six years. But rather than spend less on education, this government continues to reinvest in

our future. Spending per student has risen over the same period from $5,557 to $7,688, an increase per student of over $2,100, or 38 percent.

Reinvesting the Savings of Reform

In 1996-97, we made a commitment that school districts could retain the savings resulting from school consolidations for a period of three years, rather than have those savings revert to government. This meant that if a district needed fewer schools, government would continue to fund the school boards as if the original number of school facilities were still operating. School boards agreed to use these funds for upgrading and capital improvements to other schools within their district. As a result of this initiative, to date government has reinvested $28 million in school facilities.

In 2000-01, this commitment was extended so that even after the three year period the savings realized from consolidations would continue to be retained in the education system. To date, this has resulted in an additional $17 million being reinvested, bringing the total to $45 million.

For the coming year, savings of $8.5 million are anticipated. Honouring its commitments, this government is allowing boards to reinvest the full amount in education. Despite declining enrolments and school consolidations, total funding has not been reduced since the advent of education reform.

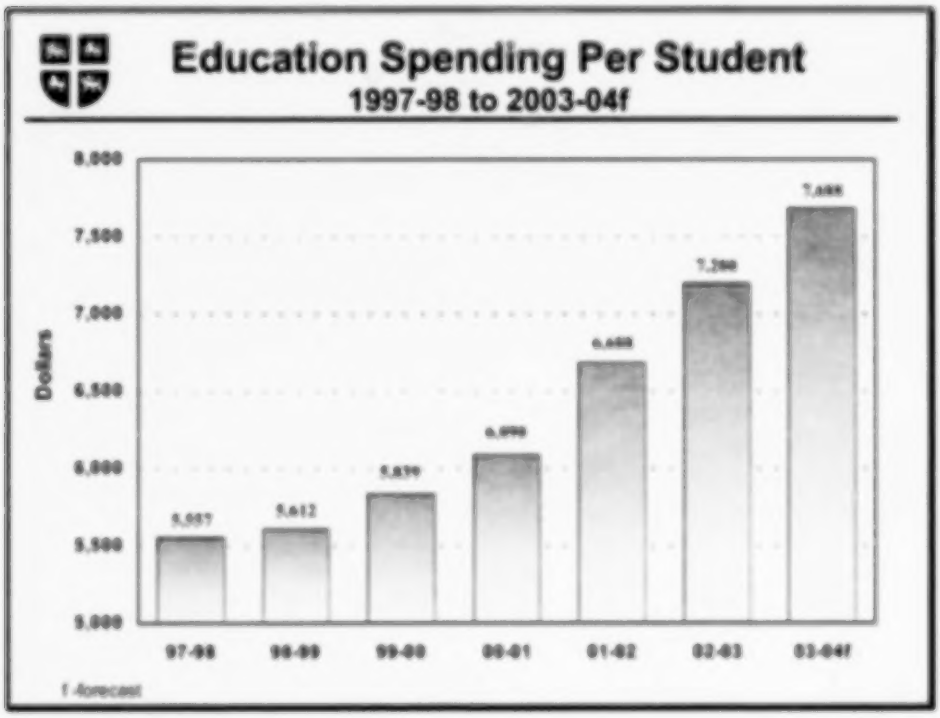
Acting on the "Facing the Challenge" Report

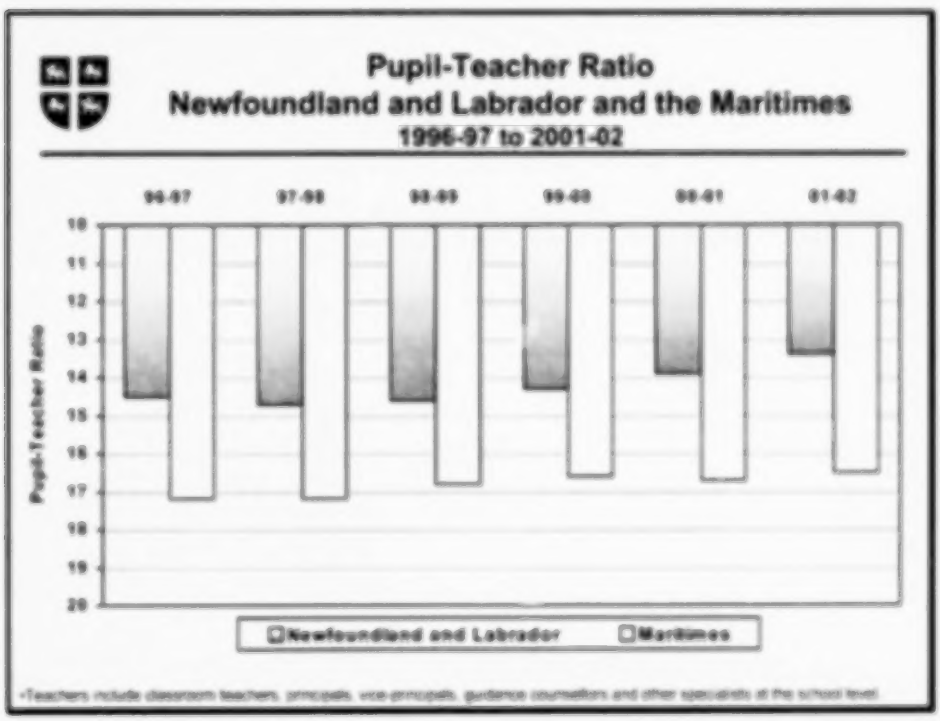
We are also taking additional steps in the coming year to support school board operations. In 2001, as part of its agreement with NAPE, government convened a panel chaired by Dr. Philip Warren to examine the hours of work for secretaries, janitors and maintenance staff in the school system. Dr. Warren's report entitled "Facing the Challenge" was received in January and its key recommendations have been accepted by government.

An amount of $2.5 million is allocated to phase in implementation commencing in September 2003.

Leading the Country in Teaching Resources

In this budget we are again taking steps to protect teaching positions. In 2000, the Ministerial Panel on Educational Delivery in the Classroom recommended a new formula for the allocation of teachers based primarily on student enrolment. In 2001-02,


Education Spending Per Student
1997-98 to 2003-04f
Dollars
8,000
7,500
7,000
6,500
6,000
5,500
5,000
97-98
98-99
99-00
00-01
01-02
02-03
03-04f
f-forecast


Pupil-Teacher Ratio
Newfoundland and Labrador and the Maritimes
1996-97 to 2001-02
96-97
97-98
98-99
99-00
00-01
01-02
Pupil-Teacher Ratio
10
11
12
13
14
15
16
17
18
19
20
Newfoundland and Labrador
Maritimes

the formula would have reduced the number of teacher positions by 218 due to declining enrolment. Instead, we provided the funding to retain these teachers in the education system. Despite further enrolment declines, we retained these teachers again in 2002-03.

The coming fiscal year will mark the third year we will make the required investment to retain these teaching positions. If we followed the formula, there would be 218 less teachers in the education system this September. The $12 million provided in this budget brings our total investment over three years to maintain higher teacher allocations to $35 million.

This will contribute to the Province again leading the country with the best pupil-teacher ratio. The national average is one teacher for every 16 students, but our ratio is nearly 20 percent better at 13.5 students per teacher.

School Facilities Construction and Upgrading

Since the beginning of education reform, this government has remained committed to providing school facilities which offer the best possible educational environment for our students. The result has been the largest program of school construction and upgrading in our history. To date, $170 million has been spent to build 23 new schools and undertake major renovations on 49 existing facilities all around the Province.

A further $6.8 million will be committed in the coming year, including $3.5 million for priority repair and maintenance needs that arise during the year.

This government has renewed its commitment by pledging to bring every school in the Province up to a level that meets or exceeds national standards within five years.

Centre for Distance Learning and Innovation

This Province is recognized as a national leader in the development and delivery of quality educational programming via distance education. This is offered through the Centre for Distance Learning and Innovation, which was established by this government on the recommendation of the Ministerial Panel on Educational Delivery in the Classroom. There are currently 21 courses available online in e-learning format to 73 of our smaller schools. We are planning to almost double the number of courses offered to 40 by the 2004-05 school year. When our plan is fully implemented, every student in every school will have access to a broader choice of courses to complement the regular course offerings at the school they attend.

In addition, we are working in co-operation with the Newfoundland and Labrador Teachers' Association to also provide enhanced professional development opportunities online for all our teachers.

School districts are asking for more distance education programming in e-learning format. They have our commitment that we intend to deliver it.

Broadband Internet Connectivity Project

Over the next two years, we are prepared to contribute $5 million towards a Broadband Internet connectivity project in partnership with the federal government and the private sector. We look forward to receiving confirmation from our partners of their involvement so this project can commence. By bringing Broadband Internet service to more rural and remote communities, students, teachers and community residents would have reliable, high speed access to the Internet.

Community Access Program

We have a program in place that puts computers into Community Access Program sites in 96 communities throughout the Province. These sites, located in schools, libraries and community facilities, offer free access to Internet services. In the coming year, we are allocating $1.8 million to enable various sites to increase their hours of operation or purchase new equipment and resources.

Resource Materials for Libraries

In each of the past three years, in addition to our regular operating grant, we have allocated an extra $1 million to our public libraries system for the purchase of new library resource materials. This budget will add a further $1 million in the coming year.

Making Post-Secondary Education Accessible

Mr. Speaker, implementing educational reform in the K-12 system is only one part of our plan to better education. Another is to ensure a post-secondary education is accessible to all those who choose to pursue it. No government in the country has done as much to make a post secondary education affordable as we have. Last year students across the country planned a national day of protest against high university tuition. That protest happened everywhere else in the country, except in this Province, because of what this government is doing for students. We are alone, not just in holding the line, but in actually lowering university tuition.

Best Record on Tuition in the Country

Allow me to recount our record on tuition at public institutions. Beginning with the September 1999 academic year, this government provided funding to implement a tuition freeze for two years at Memorial University and the College of the North Atlantic. This was followed up by a 10 percent tuition reduction at Memorial in each of the 2001 and 2002 years, as well as an extension of the tuition freeze at the College, the Marine Institute and the Faculty of Medicine.

Today, I am announcing funding for a further 5 percent tuition cut at Memorial to take effect in September 2003 and the extension for another year of the tuition freeze at the other institutions.

This means that students at the College of the North Atlantic and the Marine Institute, where tuitions are already lower than Memorial, as well as students at the Faculty of Medicine, will enjoy a tuition freeze for the fifth consecutive year. Students at Memorial University, in addition to a two year freeze, will see a 25 percent tuition reduction over three years.

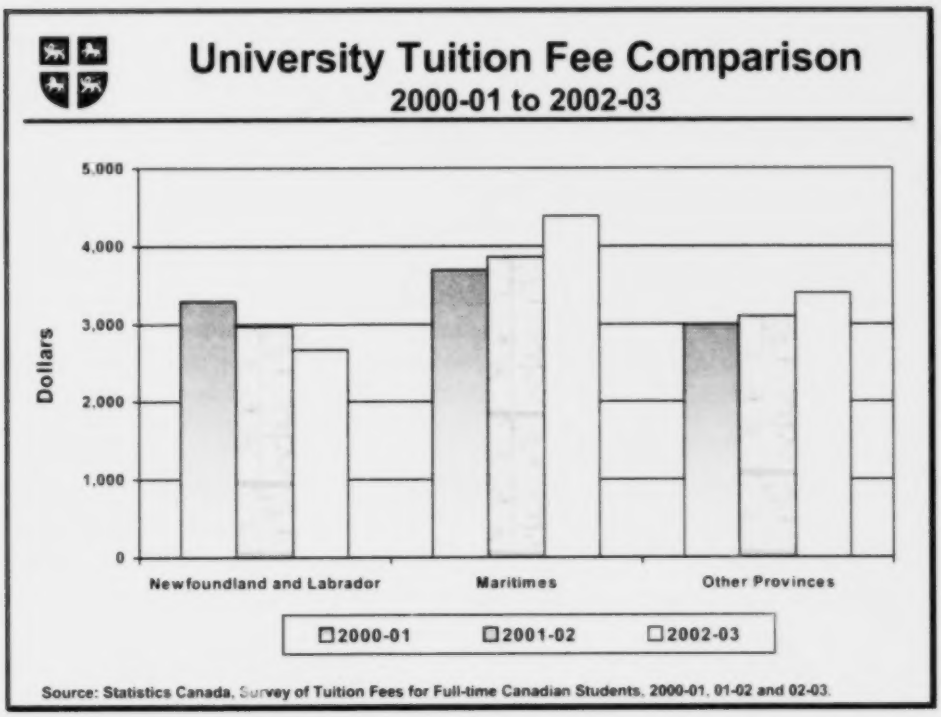
These measures are all the more significant when one considers that tuition generally has been increasing across the country over this period. This province stands out in the country as the only one lowering university tuition.

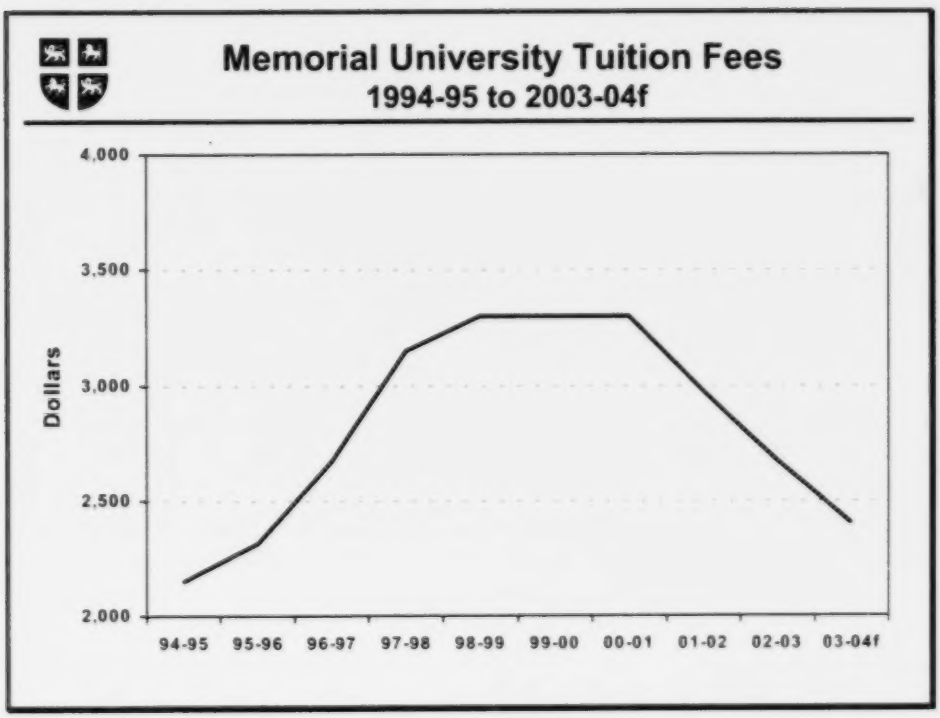
This is a practical measure taken by this government that demonstrates how post secondary education is made more accessible and affordable to students. For students from this Province, tuition rates at Memorial are the lowest Canadian rates in the country. This is just one way this government is building the future of Newfoundland and Labrador.

Memorial University Opportunity Fund

We are also fulfilling our commitment to match dollar for dollar the money raised by the Memorial University Opportunity Fund, a special fundraising project undertaken by the University. An allocation of $2.1 million at fiscal year end will bring our total contribution to date to $26.4 million.

The Fund provides scholarships and fellowships on an ongoing basis, and has made possible the construction of the new Field House athletic complex, plus new student centres at both the St. John's and Corner Brook campuses.


University Tuition Fee Comparison
2000-01 to 2002-03
5,000
4,000
3,000
2,000
1,000
0
Dollars
Newfoundland and Labrador
Maritimes
Other Provinces
2000-01
2001-02
2002-03
Source: Statistics Canada, Survey of Tuition Fees for Full-time Canadian Students, 2000-01, 01-02 and 02-03.


Memorial University Tuition Fees
1994-95 to 2003-04f
4,000
3,500
3,000
2,500
2,000
Dollars
94-95
95-96
96-97
97-98
98-99
99-00
00-01
01-02
02-03
03-04f

Highest Grant per Student to any University

By far, the largest financial contribution government makes annually to the university is our sustaining grant. This year that grant will increase by $13.1 million, over 10 percent to $145 million. This will fund the new tuition reduction, as well as other operating and infrastructure costs. This latest increase builds on our record of giving the highest grant per student of any provincial government to any university in Canada.

Student Investment and Opportunities Corporation

The Student Investment and Opportunities Corporation was established in 2001 as an initiative of this government. Its objective is to provide students the opportunity to reduce their need to borrow for their education by giving them meaningful jobs and to further their education by giving them the benefits of work experience. In 2002-03 this initiative created over 3,900 positions for youth and student employment, and over 7,000 since its creation.

Funding of $9.2 million is allocated to continue the present youth employment programs and includes $3 million to fund the employment incentive portion of our new initiative, Youth Opportunities Newfoundland and Labrador.

Youth Opportunities Newfoundland and Labrador

Youth Opportunities will provide incentives for employers who hire cooperative work term students and new post secondary graduates. This new program will make it easier for new graduates to find meaningful employment and pay off their student loans by working right here in Newfoundland and Labrador.

The second major thrust of Youth Opportunities will be tax incentives for graduates who remain in the Province to work after completing their post secondary studies.

Newfoundland and Labrador Student Loan Tax Credit

We are proposing the implementation of a new Newfoundland and Labrador Student Loan Tax Credit. In concept, eligible residents of the Province who are repaying their student loan will be able to reduce their Provincial personal income tax by an amount of up to 20 percent of the principal payment of the Provincial portion of the loan. This $3 million measure complements the existing tax credit of 10 percent for the interest portion of the payment. This tax credit would be unique in Canada and would assist new graduates and those who have previously graduated and are working in the

Province and repaying their debt. We will be taking this proposal to a roundtable of stakeholders in the near future to get their input before proceeding.

Youth Apprenticeship Pilot Projects for the Manufacturing Sector

In partnership with the federal government, we have recently launched Youth Apprenticeship pilot projects in Clarenville and Marystown to help address the skills gap which exists in our manufacturing sector. Funding of $100,000 is allocated for a new initiative in the St. John's region in cooperation with local manufacturers. This third pilot project will develop pre-employment workshops to ease the transition for new employees to the manufacturing work site.

Our Plan for a Healthier Future

Federal Response to the Kirby and Romanow Reports

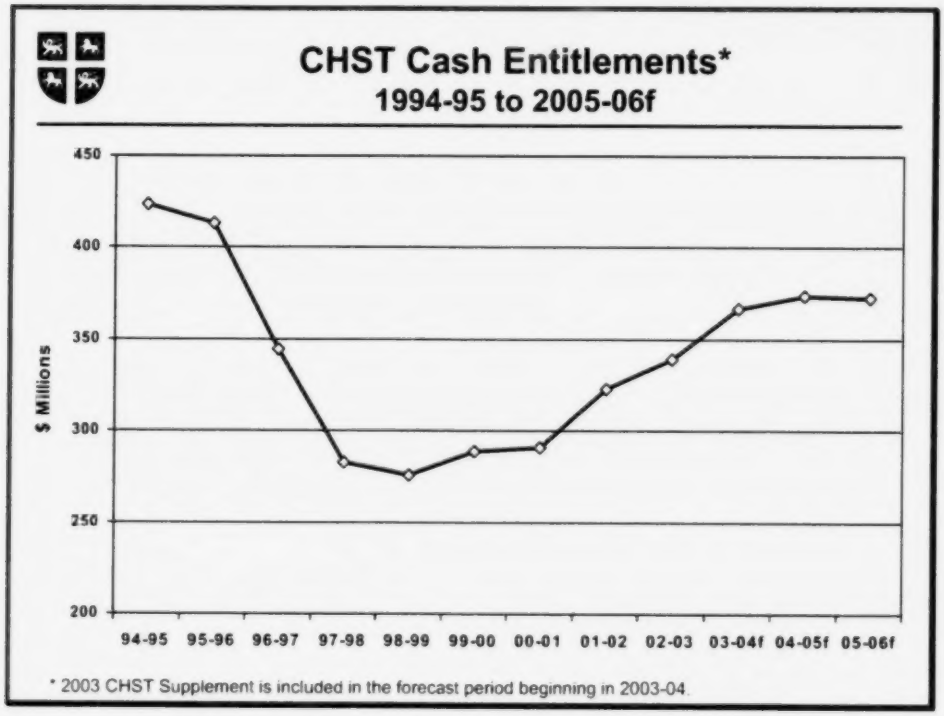
Mr. Speaker, on the future of health care, both the Kirby and Romanow reports only underscored what Premiers have been saying for some time. That is, for the health care system to be sustainable the federal government must provide greater financial support to provinces. Premiers put forward an affordable proposal to return the level of federal support to what it had been before deep cuts were made to federal transfers in the mid 1990s.

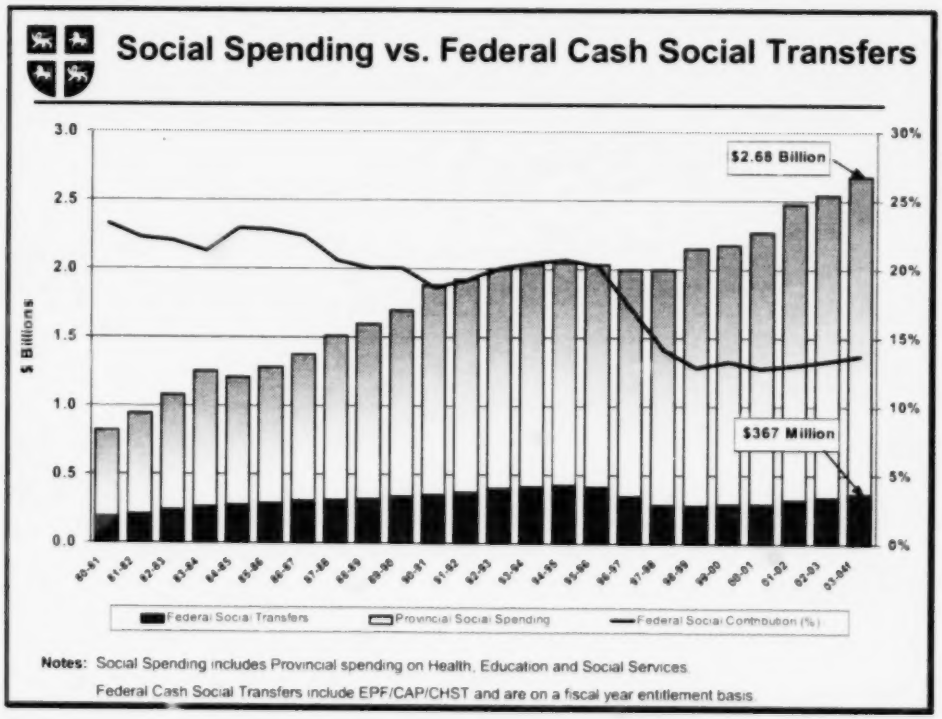
The lacklustre increment in federal support offered may be a start, but it falls far short of what is needed to sustain existing services and at the same time move forward on needed reforms. This means it is more important now than ever that all the key stakeholders work together for the delivery of a high quality, accessible and sustainable system.

Healthier Together: Our Strategic Health Plan

In September 2002 this government launched *Healthier Together*, a strategic health plan for the Province. This plan describes the challenges currently faced by the health and community services system and sets out new directions for the next five years.

The key priorities this year are strategies for wellness, mental health and long term care and supportive services. A provincial committee of stakeholder groups has been established to lead the development of wellness priorities.


CHST Cash Entitlements*
1994-95 to 2005-06f
$ Millions
450
400
350
300
250
200
94-95
95-96
96-97
97-98
98-99
99-00
00-01
01-02
02-03
03-04f
04-05f
05-06f
* 2003 CHST Supplement is included in the forecast period beginning in 2003-04.


Social Spending vs. Federal Cash Social Transfers
$ Billions
3.0
2.5
2.0
1.5
1.0
0.5
0.0
30%
25%
20%
15%
10%
5%
0%
$2.68 Billion
$367 Million
Federal Social Transfers
Provincial Social Spending
Federal Social Contribution (%)
Notes: Social Spending includes Provincial spending on Health, Education and Social Services.
Federal Cash Social Transfers include EPF/CAP/CHST and are on a fiscal year entitlement basis.

The plan sets out a new direction for primary health care as the central focus of the delivery of health and community services. A newly appointed Primary Health Care Advisory Council consists of representatives of key stakeholder groups who are advising government on the development and implementation of the Provincial Primary Health Care Framework.

A New Health Charter

In February, the Minister of Health and Community Services released a draft Health Charter and is seeking public input. The Charter, to be finalized this Spring, will outline the commitments which citizens can rely upon related to service delivery. The people of the Province will know what they can expect from the health system and have an understanding of the importance of their own responsibility in achieving optimal health.

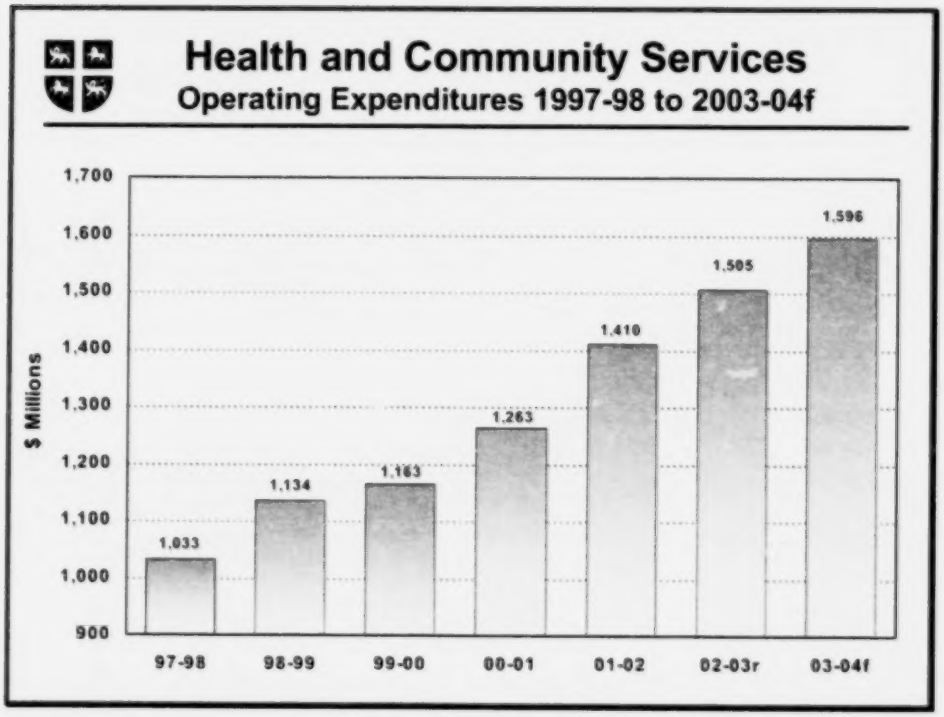
Funding Health Care

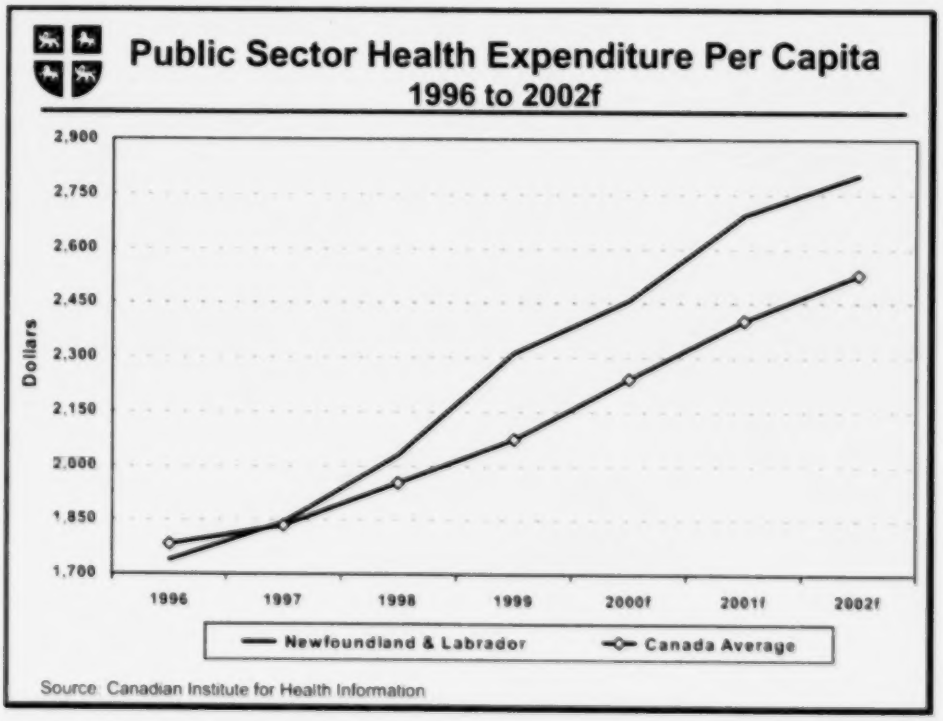
The strategic health plan, Healthier Together, and Health Charter articulate our public commitments to better health. Consistently increasing our budget allocation to the health system demonstrates this government places the same high priority on health as do the people of the Province. Sustaining adequate funding for health care has been the most significant fiscal challenge for this government, as it has for all provinces and territories.

In the new fiscal year, the operating budget for health will increase by a further $52.5 million, excluding additional funding for physician increases. The increase since 1994-95 in the annual amount allocated by this government to health operating expenditures will be over $620 million, an increment of 63.6 percent. Federal transfers in support of health, however, will be $58 million lower, even after taking into account the federal response to the Romanow report. Health operating expenditures for 2002-03 account for 42 cents of every program dollar we spent compared to 33 cents in 1994-95.

Faced with the challenge of a rising deficit for the coming year, and with the rise in health costs being a prime contributor to it, a less committed government may have reneged on their obligations to fund health. Not this government. Not only are there no cuts to the health care budget, we are responding to the needs by making some priority enhancements.

According to the Canadian Institute for Health Information, per capita public sector spending on health in this Province has exceeded the Canadian average for the past five years, and for 2002 should exceed that average by almost 11 percent.


Health and Community Services
Operating Expenditures 1997-98 to 2003-04f
$ Millions
1,700
1,600
1,500
1,400
1,300
1,200
1,100
1,000
900
1,033
1,134
1,163
1,263
1,410
1,505
1,596
97-98
98-99
99-00
00-01
01-02
02-03r
03-04f


Public Sector Health Expenditure Per Capita
1996 to 2002f
Dollars
2,900
2,750
2,600
2,450
2,300
2,150
2,000
1,850
1,700
1996
1997
1998
1999
2000f
2001f
2002f
Newfoundland & Labrador
Canada Average
Source: Canadian Institute for Health Information

Stabilizing Health Board Budgets

In contributing greatly to the sustainability of the health care system, the majority of regional health boards have made significant improvements in their financial positions over the past year.

In the coming year, government will provide the boards with additional funding of $4.5 million. With these increases, further progress will be made by boards in moving toward achieving balanced budget operations. The success the boards have achieved in financial management relieves some of the pressure on our fiscal position, and will contribute to our deficit control objectives in the coming years. We commend the institutional boards on the progress they have made to operate with balanced budgets.

A Commitment for a Second MRI

In the coming year every health board will benefit from $26 million allocated to further enhance medical, diagnostic and patient/resident care equipment. To act on a broad consensus of government, medical professionals and patients, a second Magnetic Resonance Imaging unit (MRI) will be acquired for the Province as part of this funding. The MRI presently in service is fully utilized and patients can face long waitlists. Consultation with the medical community and boards will begin shortly to determine the type of MRI that best suits our needs, as well as where it should be located to maximize its benefits for diagnostic services and patient care.

Evaluating Renal Dialysis Service for Gander

In Fall 2002, the Provincial Renal Dialysis Advisory Committee recommended deferring a decision on a dialysis unit service in Gander for one year to allow for the evaluation of the satellite units operating as pilot projects in Clarenville and Stephenville. We will be considering this issue after receiving a report from the Committee this Spring, and will respond appropriately to its recommendations.

Health Care Facilities

As well as equipment, this government has consistently made major investments in health care facilities all around the Province. The list is long and the projects many. Of the $19.4 million we are allocating for construction and renovation of health facilities, $16 million will fund major construction projects in progress at Stephenville, Grand Bank and Fogo. The balance of $3.4 million will assist various facilities with renovations and repairs.

The provision of more suitable space for cancer patients of the Central West Institutions Board is a priority for this government. A definitive plan to address this need will be finalized this year.

Long Term Care Facilities

Government is supportive of ongoing planning by boards to upgrade their nursing home facilities. Our objective is to ensure the delivery of care to our elderly population will be responsive to their expectations. The cost of delivering long term care in our Province on a per bed basis is the highest in the country. We must explore ways to bring our costs more in line with other provinces without impacting the quality of service. This will give us the flexibility to reinvest in this segment of the health care system. Government will be pursuing public private partnering as one avenue to provide quality long-term care.

Within the next 60 days, we will be issuing an Expression of Interest for a pilot project that would see a public private partnership arrangement for the provision of a new nursing home to replace our aging facilities in Corner Brook.

Increasing Nursing Enrolments

In the budget last year, funding was allocated to increase the number of nursing students admitted to the Bachelor of Nursing program in response to retirements anticipated in future years. This year we are increasing the allocation by $445,000 to bring the total to $745,000. This should allow at least 32 new students to begin nursing studies on a fast-track basis in September.

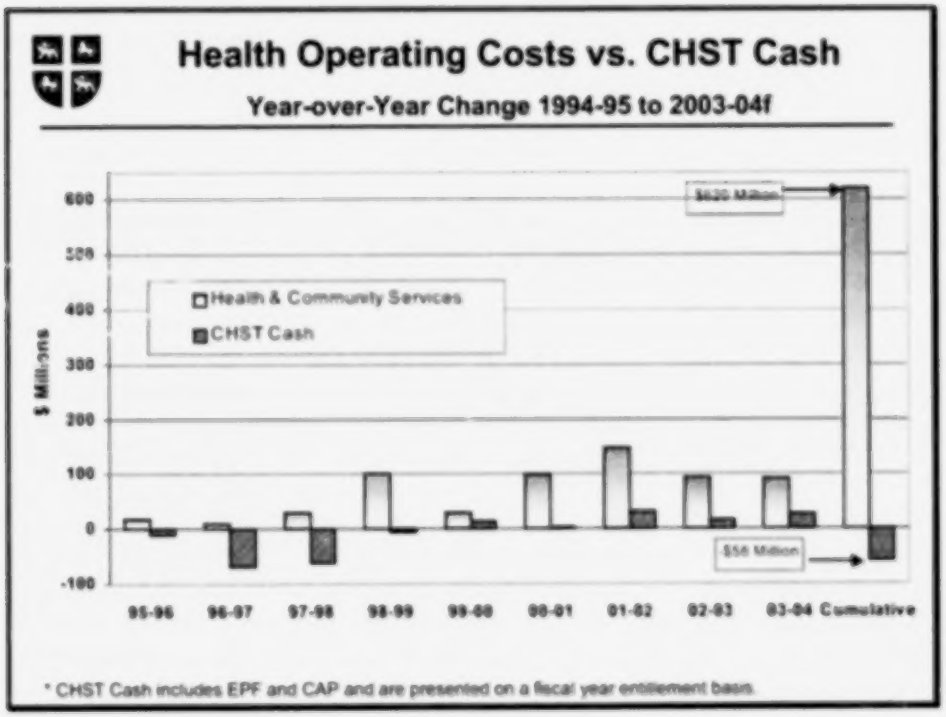
Personal Care Homes

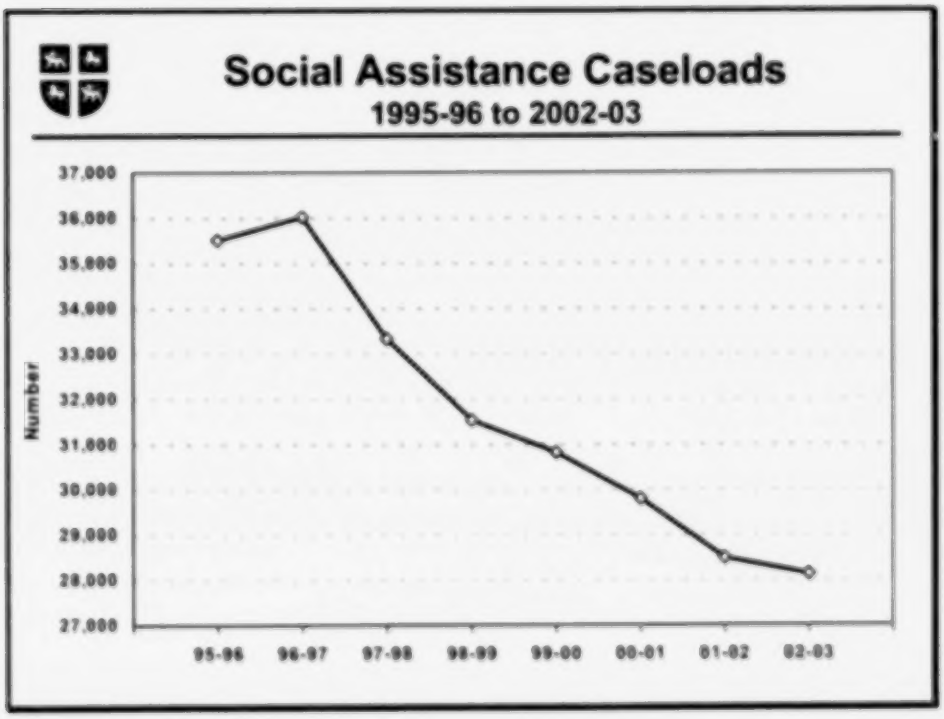
An additional $1.3 million is provided to increase rates for personal care homes and subsidies for individual clients. This is the fourth consecutive year we have increased our financial support to this sector.

A Brighter Future for Those in Need

Strategic Social Plan and Social Audit

Mr. Speaker, our Strategic Social Plan has become the preeminent model for social development in Canada. It advances the goals of linking social and economic


Health Operating Costs vs. CHST Cash
Year-over-Year Change 1994-95 to 2003-04f
$ Millions
600
500
400
300
200
100
0
-100
Health & Community Services
CHST Cash
$620 Million
$56 Million
95-96
96-97
97-98
98-99
99-00
00-01
01-02
02-03
03-04 Cumulative
* CHST Cash includes EPF and CAP and are presented on a fiscal year entitlement basis.


Social Assistance Caseloads
1995-96 to 2002-03
Number
37,000
36,000
35,000
34,000
33,000
32,000
31,000
30,000
29,000
28,000
27,000
95-96
96-97
97-98
98-99
99-00
00-01
01-02
02-03

development, bringing a focus to prevention and early intervention, making decisions for policy and program development based on evidence, and building partnerships and strengthening communities. Funding of $2 million is allocated again in the coming year for Strategic Social Plan initiatives.

When the Plan was released, it included a commitment to a Social Audit by 2003. It is well underway and will be completed before the end of the calendar year. The first component of the Social Audit, the web-based Community Accounts, was launched in the Fall of 2002. The second component is a report on where the Province stands on key social and economic indicators, entitled "*From The Ground Up*" and will be released next week. It will provide information on strengths and areas of improvement in the social and economic fabric of this Province so that appropriate interventions can be made where necessary. Our commitment to the Strategic Social Plan and Social Audit advances our vision for a growing and prosperous Province.

Redesign of Social Assistance

Over the past several years we have been engaged in a process of redesigning programs that assist persons on social assistance. A major initiative over the past year has been the replacement of the outdated Social Services Act with the passage of the new Income and Employment Support Act. We now have more accurately reflected in legislation the new directions of programs and services we have been pursuing in recent years. Combining income support with employment and career services to assist people in preparing for and maintaining employment is now outlined in legislation. The new Act should be proclaimed in the coming weeks.

Declining Social Assistance Caseloads

Supporting people making the transition to employment through innovative programs delivered in partnership with community agencies continues to generate many success stories. Other initiatives, like extended drug card benefits, increased earnings exemptions and increased private child care rates, are now part of the redesigned income support program. Providing opportunities and options to clients shows results. The social assistance caseload has shown a steady decline for the past six years, and we anticipate it will decline again over the coming year.

Kids Eat Smart Foundation

The Kids Eat Smart Foundation will be supported by a $500,000 contribution in the coming year. This brings our total contribution to the Foundation and its predecessors

since 1998 to $2.5 million. They have helped establish more than 130 meal and snack programs in schools and community centres throughout the Province, supported by over 4,000 volunteers who provide nutritious meals to more than 13,000 children daily.

Affordable Housing Agreement

The federal and Provincial governments will be entering into a new five year cost shared Affordable Housing Agreement early in the new fiscal year. The agreement will assist in meeting specific housing needs, including independent living housing for seniors, supportive housing for the mentally and physically challenged, specific housing needs in Labrador and affordable rental housing for lower income earners. Upwards of $4 million could be committed under this agreement in 2003-04.

Enhancing the Disability Credit

We currently provide persons with disabilities a non-refundable personal income tax credit. The amount used to calculate the tax credit will be increased, effective for the 2003 taxation year, from $4,233 to $5,000.

In addition, we are introducing a new non-refundable disability tax credit supplement for mentally and physically infirm children under the age of 18 in the amount of $2,353. This supplement is transferrable to a supporting person if the taxpayer has insufficient income to fully utilize the credit.

These measures represent an additional $1 million in annual tax savings for persons with disabilities.

Enhancing the Seniors' Benefit

In 1999 we implemented a Seniors' Benefit. For 2003, the benefit will be increased from $300 to $350. About 30,000 individuals receive the Seniors' Benefit under a program that we estimate will pay out $7.7 million annually.

More Officers for the RNC

Funding is provided for the Royal Newfoundland Constabulary to hire an additional 15 new permanent officers. This will include a combination of first class constables and more junior officers. In funding this increase, government is responding to requests from both the Constabulary and community stakeholders. It is our objective to further increase the number of officers in the coming years.

INFRASTRUCTURE FOR THE FUTURE

Municipal Capital Works Program

Mr. Speaker, in the budget last year, we announced a three year strategy for development of municipal infrastructure. Since that time, we have also reaffirmed our commitment to the St. John's Harbour clean-up, a $93 million project being undertaken in partnership with St. John's, Mount Pearl, Paradise and the federal government.

The Canada-Newfoundland and Labrador Infrastructure Program will see $90 million invested in the three year planning horizon. Projects targeted at clean drinking water will continue to receive priority. The total investment will exceed $153 million during the five year life of this program.

Under the Municipal Capital Works Program, an estimated $21.5 million will be cost-shared by the Provincial and municipal governments in 2003-04. The total expenditure over the three year period will exceed $60 million.

Under our Multi-Year Capital Works Program, we have committed to cost-share a total of $103 million with 13 larger municipalities. Total expenditures under this program could reach $110 million upon full implementation.

We are also continuing to make capital works funding accessible to all communities in the Province. For our smaller communities, the Province is prepared to cover a larger share of costs so that they can undertake projects they otherwise find unaffordable.

Municipal Debt Relief Program

Since it was established in 1997, the Municipal Debt Relief Program has provided $47 million dollars in debt relief to152 towns. The program assists those towns which, due to declining populations, experience difficulties with their annual debt repayments. During the new fiscal year, government will review the financial position of the remaining 28 municipalities who have indicated they are unable to repay their debt due to determine if additional debt relief assistance is warranted.

Roads and Highways

This government has presided over the largest annual road and highway construction programs since Confederation. With the Roads for Rails funding coming to an end, we need a renewed federal partnership to continue upgrading our transportation network.

We are anticipating a construction program in the coming year totalling $74.3 million. The provincial roads component will receive an additional $1 million, bringing it up to $23 million. Improvements to the Trans Canada Highway are funded at $15 million under the federal-provincial Strategic Highways Infrastructure Program. Roads for Rails will complete three projects at a cost of $9.6 million.

Ferry Replacement Program

We committed last year that we would examine options for replacing older ferries. In the initial phase of this program, we will consider replacing the Hamilton Sound, a swing vessel for the fleet now nearing the end of its useful life. Over the next few months, we will issue an Expression of Interest to determine the level of interest that exists from industry to supply a new vessel. This will be followed by a Request for Proposals so we can consider which vessels might be best suited as a replacement. We are prepared to consider any reasonable scenario for the supply and operation of vessels, including public-private partnerships.

Trans Labrador Highway

In the budget last year, we gave a commitment to commence Phase III of the Trans Labrador Highway from Cartwright to Happy Valley-Goose Bay. We stated last year that the people of Labrador had waited long enough for a highway. That wait is about to come to an end. For the coming year we have allocated $26.2 million to construction of the Trans Labrador Highway, including $17 million to begin Phase III. Commencing construction is now only contingent on the project being released from environmental assessment. The balance will be used to complete Phase II.

Connecting Communities to the Trans Labrador Highway

This government wants as many communities as possible connected to that highway. Last year, we went beyond the original plan to announce a road to the community of Pinsent's Arm, which will be completed in the new fiscal year. We will also begin an environmental assessment of the route for a road to Williams Harbour.

A FUTURE OF JOBS AND GROWTH

Mr. Speaker, the past year has seen some significant announcements of major projects that will have far reaching and long lasting impacts on our economy. The White Rose offshore development is proceeding, with the Marystown shipyard playing a substantial role. The Voisey's Bay agreement will see a new world class mine in Labrador and a nickle refinery in Argentia utilizing the latest leading edge technology. And we are optimistic the successes this government has had in reaching agreements for White Rose and Voisey's Bay bodes well for our ongoing negotiations for Lower Churchill hydro development. This continues to be a priority for this government, and one we believe should become a reality in the not too distant future.

As important as these projects are to our future, of no less importance is creating a business climate in this Province that will see continued economic growth and diversification in all regions, particularly rural areas. Employment reached record levels in 2002 and is expected to reach new highs again this year. Most of our employment growth is not because of major projects. Small business is creating 80 percent of all new jobs, and most of those new jobs are being created outside the greater St. John's area.

Renewal Strategy for Jobs and Growth

Our economic plan, the *Renewal Strategy for Jobs and Growth*, is ensuring that the business community of this Province, but particularly small business, can take advantage of the broad range of opportunities that exist throughout all sectors of our economy. Our focus is creating the right climate for growth and to give the business community the tools they need to prosper wherever they operate in the Province, but especially in rural areas. The robust economic performance the Province is enjoying is in large part due to the success of our Renewal Strategy. We are pleased to be building on that momentum in this budget through a number of new measures aimed at creating an even more attractive economic climate for investment, innovation and job growth.

Payroll Tax Relief

In recent years, we have taken major steps to ease the payroll tax burden on small businesses. We are giving a commitment to further reductions and to eliminate the tax for all small businesses by the end of the next mandate, as our fiscal situation permits. For 2003, we are announcing payroll tax relief that will remove employers with annual payroll of up to $600,000 from the tax rolls, and reduce the payroll tax liability for employers with payroll between $600,000 and $700,000. This will remove an additional

160 employers from the tax roll, a total of 2,200 since 1998. An additional 120 employers will benefit from a tax reduction. Since 1998, we have put over $9 million back into the hands of employers through payroll tax reductions.

Small Business Corporate Income Tax Threshold

Small businesses presently enjoy a lower rate of corporate income tax than generally applies to the private sector. Eligibility for this low rate is determined by the level of taxable income of a corporation. The present threshold of income, above which a corporation will pay tax at the much higher general rate, is set at $200,000. This threshold will be increased by 50 percent to $300,000 over four years in annual increments of $25,000, starting with the 2003 taxation year. In taking this action, the Province has decided to mirror a similar increase in the federal threshold recently announced.

Corporate Income Tax Holiday for New Small Businesses

In addition to the threshold increase, a corporate income tax holiday will be provided for new small businesses that start-up during the next three years operating in designated growth sectors of the economy. Eligibility criteria will be the same as those currently in place for the Venture Capital (Direct Equity) Tax Credit Program. For eligible businesses located in the Northeast Avalon region a three year tax holiday will be provided and those located outside the Northeast Avalon will receive a five year tax holiday.

Venture Capital (Direct Equity) Tax Credit Program

The Venture Capital (Direct Equity) Tax Credit Program will also be enhanced. Presently, only individual investors are eligible for tax credits under the program. Eligibility is now being extended to arms length corporations. This will open up new sources of capital for existing businesses looking to expand and for entrepreneurs looking to start up a new venture.

New Provincially Based Venture Capital Corporation

Government will issue a public call for proposals within 60 days for the establishment of a provincially based, labour sponsored venture capital corporation by offering a provincial tax credit as an incentive to set up such a fund in the province. Flexibility will be provided in the call for proposals to allow for alternatives to a labour sponsored venture capital fund, including the possibility of support to a regionally or nationally based venture capital fund, if structured in a manner that meets provincial objectives.

Corporate Income Tax Holiday for Venture Capital Corporations

We will adopt additional measures to encourage new investment in private sector venture capital corporations to help local companies expand and create new jobs. Starting in 2003, any existing or new venture capital corporation in the Province whose objective is to invest in growth oriented economic sectors designated by government will be eligible for a ten year corporate income tax holiday. If the business objectives of the venture capital corporation also focus predominately on rural areas, an additional five year holiday will be provided, bringing their full holiday to a total of fifteen years. The tax holiday does not apply to venture capital corporations eligible for the tax credit.

New Red Tape Reduction Committee

A new Red Tape Reduction Committee, comprised of experienced and respected entrepreneurs, will be established in 2003. Its mandate will be to identify opportunities to reduce, streamline or eliminate the regulatory burden of government "red tape" which can unintentionally act as a barrier to new job creation and business growth, especially for small businesses. This effort will not compromise legitimate public policy imperatives, such as the protection of the environment or workplace health and safety.

New Research and Innovation Fund

As investment in research and innovation is critically important for our Province to remain competitive and to avail of new economic opportunities, we are establishing a new Research and Innovation Fund with an initial investment of $5 million. Its objective is to foster greater research and industrial innovation within our higher education institutions. The Fund will be targeted at high growth "clusters of excellence" in areas such as marine technology, pharmaceutical research, biotechnology, and the oil and gas industry.

Its goal will be to leverage significant new R&D investments from federal institutions, including the Canadian Foundation for Innovation, as well as the private sector to help close the innovation gap between the Province and the rest of Canada. New strategic partnerships between government, Memorial University, other provincial research institutions and the private sector will also be encouraged in this initiative. Our initial $5 million investment is expected to generate up to $25 million in new R&D spending in the Province.

New Business Attraction Agency

The attraction of new investment, new companies and new industries to the Province in strategic growth sectors of the economy is an important part of our Renewal Strategy for Jobs and Growth. Following consultations last year with the private sector, regional development organizations and municipalities to determine a province-wide approach to meeting this challenge, we will establish a new Business Attraction Agency early in the new fiscal year.

We are contributing $1.5 million annually for this initiative and will seek the financial participation of the private sector as well. This new initiative will build on the success achieved to date by NETWORK Newfoundland and Labrador, our joint venture with Aliant Telecom to attract new customer contact centres to the Province. The new agency will also assume responsibility for the recently announced Near Shore IT Development Initiative to which Aliant and the Province each committed $750,000 over three years.

Customer Contact Centre Incentives

The budget also includes $6.5 million in business incentives for customer contact centres we have already been successful in attracting to and have operating in the Province. These incentives were critical factors in the decision of these companies to locate here. This industry did not exist in our Province a mere five years ago, but today employs over 3,500 people, about one third of them outside the St. John's region.

RuralEXPO 2003

RuralEXPO 2001 was a great success in showcasing and promoting the economic potential and entrepreneurial achievements in rural Newfoundland and Labrador. It built on a key objective of the Renewal Strategy for Jobs and Growth, strengthening confidence and encouraging positive attitudes about the Province as a means of moving the overall economy forward. This budget includes $350,000 to host RuralEXPO in the fall of 2003. Details will follow after consultations with rural and community stakeholders.

Strengthening Rural Development Associations

We intend to strengthen the capacity of Rural Development Associations (RDAs) to help advance the implementation of the strategic regional development plans that have been prepared by the 20 Regional Economic Development Boards (REDBs). A comprehensive review of the role Rural Development Associations play in the

implementation of REDB strategic plans is nearing completion. We will seek to ensure the Associations have the necessary capacity to participate in the specific implementation roles carved out for them by each of the 20 REDBs.

Regional Economic Development

This budget provides $9 million to implement a wide range of industry initiatives and community projects that have been approved under the most recent cost-shared cooperation agreement with the federal government, the Canada-Newfoundland and Labrador Comprehensive Economic Development Agreement, known as CEDA. This agreement expires March 31 and to date there is no replacement.

Should the federal government decide not to partner with the Province in an extension to CEDA or the proposed Canada-Newfoundland and Labrador Economic Development Board, we will use $5.5 million provided in the budget to ensure that key strategic economic development initiatives implemented by Provincial departments and agencies through CEDA continue in the future.

OTTAWA'S STAKE IN OUR FUTURE

Regional Economic Development

Mr. Speaker, in partnership with the federal government, we have made significant investments over the past decade in regional economic development through various cost-shared cooperation agreements with ACOA. These have been particularly important in helping to rebuild and diversifying the economy of rural areas following the groundfish moratorium in 1992.

The federal government has taken a unilateral decision not to renew these agreements anywhere in Atlantic Canada or elsewhere in the country. This government states categorically that it does not agree with that federal decision. The upcoming year will mark the first time in three decades that the federal government has not partnered with the Province to assist in advancing our economy agenda. This issue was raised at every pre-budget consultation session this year.

We believe it would be in the best public interest of the Province for the federal and provincial governments to pool their collective resources in support of common economic development objectives and priorities, rather than have each order of government going their own way. For this reason we reiterate a call made in the recent

Throne Speech for the federal government to partner with us in a new model of federal-provincial cooperation through a Canada-Newfoundland and Labrador Economic Development Board.

Recognizing that any such new model will take time to organize and implement, we again call upon the federal government to extend the Comprehensive Economic Development Agreement by one year through to March 31, 2004, with a $20 million allocation that would be cost-shared on a traditional 70-30 basis between the federal and provincial governments. We have already included in the budget a $5.5 million Provincial commitment.

If the federal government does not respond in a positive or timely manner to our proposal, these funds will have to be applied prudently to priority programs and activities within Provincial departments and agencies that were historically supported under cost-shared agreements with the federal government. This will include sustaining funding for initiatives important to our economic future like tourism marketing, the Newfoundland and Labrador Film Development Corporation, aquaculture and fisheries diversification programs, and various trade and export development activities.

This will consume most of the $5.5 million budget allocation, leaving little opportunity to consider the needs of the many external and community based economic development organizations from around the Province that were supported before under the Comprehensive Economic Development Agreement.

We intend to hold the federal government, and ACOA in particular, fully accountable for providing, from its own programs, the critical investments still required to build stronger regional economies throughout the Province, especially in rural areas. The federal government has the necessary financial flexibility to do this if it wants to, either from its $700 million Atlantic Investment Partnership Program or the huge budget surpluses available to it.

All-Party Symposium on Equalization

Equalization is another issue of crucial importance to the future of the Province. We propose convening a symposium of all Members of this Honourable House and all federal Members of the House of Commons and Senate in the Fall to examine Equalization prior to the five year renewal of the program, scheduled for April 2004.

Now that our offshore oil industry is poised to generate significant revenues it is more important than ever for mechanisms to be put in place to ensure the Province will be the

principal fiscal beneficiary of this industry over the longer term. This is the most practical way for the Province to get access to the financial resources necessary to grow and diversify our economy so we can close the disparity gaps that persist between us and the rest of the country.

By retracting most of the fiscal benefits of our economic growth by lowering Equalization transfers, the federal government makes itself the principal beneficiary, overriding the commitment they gave to the people of the Province in the Atlantic Accord. Unless federal policy is changed, we will have a much greater task ahead of us in shaking off fiscal dependence on the rest of the country and taking our rightful place as a full partner in Confederation.

On a related issue, we have consistently made a case that federal transfers, like Equalization, which are largely per capita based, should not fall in lock step with population declines. Everyone recognizes that public services cannot be reconfigured as quickly as population changes. A mechanism should already be in place that phases in the impact of those changes. This has been supported by all provinces and territories. Population decline has cost us almost $900 million since 1993-94, including an estimated $140 million in 2003-04 alone. Our population decline is almost wholly attributable to the federal management of our groundfishery. Yet, the only federal action taken to mitigate its impact on transfers is inaction. These are among the important issues for the All-Party symposium to consider.

BUILDING OUR FUTURE TOGETHER

Mr. Speaker, this budget lays before the people of the Province both our record of past achievement and our vision for the future. It is a record of commitments made and commitments kept. It is a vison for the future articulated publicly in comprehensive long term plans, developed in broad consultation with all stakeholders.

We have the Strategic Social Plan that is receiving national and international attention for its innovative approach to integrating social and economic development. We have redesigned income support programs to focus on making the transition to employment, reducing social assistance case loads to their lowest level in over a decade, while increasing our support through new programs and initiatives for those most in need.

We have the Renewal Strategy for Jobs and Growth that is enhancing a business climate already enjoying sustained high economic growth. We are now producing jobs at a rate where each year a greater number of people are employed in this Province

than at any previous time in our history.

This government has implemented educational reform, reinvesting savings to increase spending per student year after year. Our initiatives have ensured the best pupil-teacher ratio in the country. We are the only province lowering university tuition, and we provide greater financial support per student to our university than any other. We are the most active in reducing post secondary student debt and are continuing to take more practical steps than anyone else to do something about this national issue.

Last Fall, we launched our strategic health plan, Healthier Together, which sets out new directions for the health and community services system for the next five years. This Spring a new Health Charter will be released outlining the commitments people of the Province can rely on for service delivery. Our per capita spending on health continues to exceed the Canadian average for the fifth consecutive year.

This government has had the largest annual programs of school, hospital and road construction and upgrading since Confederation.

And, Mr. Speaker, we have done all this while maintaining the best record of sound, prudent fiscal management since Confederation, by any measure. We have faced many fiscal challenges and have always delivered a responsible fiscal plan. And our fiscal plans have always delivered a creditworthy fiscal performance.

This year is no different. We now have a fiscal plan in place for an affordable deficit that not only maintains all social programs and public services, it enhances them selectively, responding as we have done each year to public priorities. We have set achievable targets to bring the deficit down responsibly to a balanced budget position over the term of our next mandate. Rather than resorting to unnecessary program cuts, we are confident this can be done by relying on revenue growth generated by our strongly performing economy, one that leads the nation.

We are a government whose hallmark is establishing goals, setting agendas and meeting its commitments. We are a government who will keep the commitments it makes to all the people of the Province, including its employees and their families. We are a government with commitments to balance economic development with social development. We are a government that reflects the values of the people of this Province. We are a government that will build on its record. We are a government that will work with the people of the Province to build together the new Newfoundland and Labrador.

BUDGET
2003

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STATEMENT I

NEWFOUNDLAND AND LABRADOR

SUMMARY OF BORROWING REQUIREMENTS - BUDGETARY

CONSOLIDATED REVENUE FUND (CRF)

2003-04 and 2002-03 (Revised)

	2003-04 Estimates		2002-03 Revised	
	($000)	($000)	($000)	($000)
BUDGETARY REQUIREMENTS				
Current Account:				
Gross Expenditure	4,017,878		3,831,485	
Related Revenues	228,079		304,257	
Net Expenditure	3,789,799		3,527,228	
Provincial and Federal Revenues	3,688,206		3,591,790	
Financial Requirement (Contribution)		101,593		(64,562)
Capital Account:				
Gross Expenditure	243,335		206,463	
Related Revenues	132,243		80,223	
Net Expenditure		111,092		126,240
TOTAL BUDGETARY REQUIREMENTS		212,685		61,678

STATEMENT II

NEWFOUNDLAND AND LABRADOR

SUMMARY OF TOTAL BORROWING REQUIREMENTS

2003-04 and 2002-03 (Revised)

	2003-04 Estimates		2002-03 Revised	
	($000)	($000)	($000)	($000)
BUDGETARY REQUIREMENTS (CRF) per Statement I		212,685		61,678
BORROWING REQUIREMENTS - OTHER ENTITIES				
Newfoundland & Labrador Education Investment Corporation	30,500		31,800	
Newfoundland & Labrador Heritage Corporation	13,000		17,600	
Newfoundland & Labrador Municipal Financing Corporation	27,000		28,000	
Other	3,400		4,100	
TOTAL BORROWING REQUIREMENTS - OTHER ENTITIES		73,900		81,500
		286,585		143,178
NON-BUDGETARY TRANSACTIONS (CRF)				
Debt Retirement:				
Redemptions (See Exhibit XII)	127,500		198,624	
Contributions to Sinking Funds (See Exhibit XII)	41,270		42,921	
Wind Up of Voluntary Sinking Funds	(40,589)		(39,972)	
Retirement of Pension Liability	163,500		148,500	
TOTAL NON-BUDGETARY TRANSACTIONS (CRF)		291,681		350,073
TOTAL BORROWING REQUIREMENTS		578,266		493,251

STATEMENT III

NEWFOUNDLAND AND LABRADOR

RECONCILIATION OF BUDGETARY REQUIREMENTS TO

CONSOLIDATED ACCRUAL BUDGET

2003-04

	2003-04 ($000)
Budgetary Requirements (per Statement I)	**212,685**
Tangible Capital Asset Adjustments (CRF):	
Net Additions of Tangible Capital Assets During the Year	(55,083)
Depreciation - Net Additions of Tangible Capital Assets During the Year	1,078
Depreciation - Unamortized Beginning Balance of Tangible Capital Assets	83,038
	29,033
Other Accrual Adjustments:	
Pension Interest and Accrued Pension Cost, Net of Cash Contributions	301,918
Sinking Fund Earnings, Net of Cash Received	(7,205)
Amortization of Foreign Exchange Losses	31,494
Other Accrued Revenues and Expenses, Net of Cash Receipts and Payments	30,139
	356,346
Consolidated Revenue Fund Accrual Deficit	**598,064**
Other Entities	98,031
Tangible Capital Asset Adjustments (Other Entities):	
Net Additions of Tangible Capital Assets During the Year	(73,956)
Depreciation - Net Additions of Tangible Capital Assets During the Year	3,534
Depreciation - Unamortized Beginning Balance of Tangible Capital Assets	40,320
	(30,101)
Consolidated Accrual Deficit (see Statement IV)	**665,994**

STATEMENT IV

NEWFOUNDLAND AND LABRADOR

CONSOLIDATED ACCRUAL REVENUE AND EXPENDITURE

2003-04

	2003-04 ($000)
REVENUE	
Government of Canada	1,695,687
Provincial	2,521,010
TOTAL REVENUE	**4,216,677**
EXPENDITURE	
General Government Sector	1,397,370
Resource Sector	192,019
Social Sector	3,295,622
Depreciation	127,970
TOTAL EXPENDITURE	**5,012,981**
NET INCOME OF GOVERNMENT BUSINESS ENTERPRISES	**136,310**
CONSOLIDATED ACCRUAL DEFICIT (see Note 2)	**665,994**

Notes:

1. This Statement reflects the estimated activity of the Consolidated Revenue Fund and those entities which are owned and/or controlled by Government. It is prepared using the applicable policies described in Note 1 (Summary of Significant Accounting Policies) of Volume I of the 2001-2002 Public Accounts, with the exception that tangible capital assets are not expensed but rather depreciated over their estimated useful lives.
2. Refer to Statement III for a reconciliation of the Budgetary Requirements - Consolidated Revenue Fund per Statement I to the Consolidated Accrual Deficit per above.

STATEMENT V

COMPARATIVE SUMMARY OF CURRENT AND RELATED REVENUES

2003-04 and 2002-03 Revised

	2003-04 Estimates ($000)	2002-03 Revised ($000)
PROVINCIAL:		
Taxation:		
Personal Income Tax	703,000	671,420
Sales Tax	597,220	593,990
Gasoline Tax	138,000	134,700
Payroll Tax	88,000	83,800
Tobacco Tax	90,500	79,500
Corporate Income Tax	123,436	109,200
Natural Resources Taxes and Royalties	153,200	87,500
Other	39,426	38,126
	1,932,782	1,798,236
General Revenues:		
Newfoundland Liquor Corporation	113,000	93,000
Lottery Revenues	108,000	106,000
Vehicle and Driver Licences	55,000	56,300
Registry of Deeds, Companies and Securities	18,028	18,107
Fines and Forfeitures	6,115	5,755
Other	26,981	41,100
	327,124	320,262
Expenditure Programs - Related Revenues:		
Recoveries - Sinking Fund Surpluses	37,000	80,576
Interest Income	1,693	3,133
Other	118,248	145,281
	156,941	228,990
TOTAL: PROVINCIAL REVENUES	2,416,847	2,347,488
GOVERNMENT OF CANADA:		
Fiscal Transfer Payments:		
Equalization and Offsets	1,028,900	1,131,885
Canada Health and Social Transfer (CHST)	397,700	339,707
Statutory Subsidies	1,700	1,700
	1,428,300	1,473,292
Cost Shared Programs:		
Resource	9,967	10,405
Offshore Fund	1,235	2,042
Human Resources Development	22,000	24,961
Native Peoples	7,390	7,198
Other	30,546	30,661
	71,138	75,267
TOTAL: GOVERNMENT OF CANADA REVENUES	1,499,438	1,548,559
TOTAL: CURRENT AND RELATED REVENUES	3,916,285	3,896,047

STATEMENT VI

SUMMARY OF CURRENT AND CAPITAL ACCOUNT EXPENDITURES

2003-04 and 2002-03 Revised

	2003-04			2002-03
	Gross Expenditure	Related Revenue	Net Expenditure	Revised (Net)
	$	$	$	$
General Government Sector				
Consolidated Fund Services	594,501,300	67,310,300	527,191,000	490,690,000
Executive Council	35,068,700	1,094,200	33,974,500	29,335,700
Finance	103,045,600	37,401,600	65,644,000	7,168,700
Government Services and Lands	28,794,700	3,953,700	24,841,000	23,841,900
Labrador and Aboriginal Affairs	7,731,700	4,468,900	3,262,800	2,959,200
Legislature	17,923,800	146,200	17,777,600	13,824,900
Public Service Commission	2,795,000	-	2,795,000	2,172,900
Works, Services and Transportation	262,778,500	74,425,000	188,353,500	179,496,300
Resource Sector				
Environment	7,294,900	1,072,700	6,222,200	6,531,600
Fisheries and Aquaculture	9,616,100	283,100	9,333,000	8,726,400
Forest Resources and Agrifoods	57,682,300	9,248,700	48,433,600	41,717,000
Industry, Trade and Rural Development	43,748,900	7,149,800	36,599,100	31,362,500
Mines and Energy	24,435,400	2,520,000	21,915,400	27,561,100
Tourism, Culture and Recreation	37,787,800	3,624,800	34,163,000	32,012,700
Social Sector				
Education	603,752,000	12,875,900	590,876,100	539,498,300
Health and Community Services	1,603,415,800	45,975,700	1,557,440,100	1,509,947,500
Human Resources and Employment	256,486,200	8,735,000	247,751,200	250,679,000
Justice	139,911,900	10,603,700	129,308,200	125,964,800
Labour	8,646,200	6,143,100	2,503,100	2,319,400
Municipal and Provincial Affairs	138,504,600	37,464,300	101,040,300	105,119,900
Newfoundland and Labrador Housing Corporation	11,125,000	-	11,125,000	10,110,000
Youth Services and Post-Secondary Education	266,166,500	25,825,000	240,341,500	212,428,000
TOTAL	4,261,212,900	360,321,700	3,900,891,200	3,653,467,800

AMOUNT TO BE VOTED 2003-04

Gross Current and Capital Expenditure		4,261,212,900
Less: Expenditures Approved by Statute:		
Interest	520,062,100	
Pensions and Gratuities	61,471,700	
Debt Management Expenses	5,061,400	
Issues under Guarantee	100,000	
Salaries (Auditor General and Comptroller General)	213,700	586,908,900
Amount to be Voted by Supply Bill		3,674,304,000

STATEMENT VII

SUMMARY OF CURRENT ACCOUNT EXPENDITURES

2003-04 and 2002-03 Revised

	2003-04			2002-03
	Gross Expenditure	Related Revenue	Net Expenditure	Revised (Net)
	($000)	($000)	($000)	($000)
General Government Sector				
Consolidated Fund Services	594,300	54,104	540,196	492,014
Executive Council	35,069	1,095	33,974	29,336
Finance	103,045	37,401	65,644	(4,831)
Government Services and Lands	28,487	2,703	25,784	24,885
Labrador and Aboriginal Affairs	7,732	4,469	3,263	2,959
Legislature	17,924	146	17,778	13,825
Public Service Commission	2,795	-	2,795	2,173
Works, Services and Transportation	166,585	27,328	139,257	138,363
Resource Sector				
Environment	7,295	1,073	6,222	6,532
Fisheries and Aquaculture	9,516	283	9,233	8,719
Forest Resources and Agrifoods	53,682	9,248	44,434	38,602
Industry, Trade and Rural Development	39,774	3,845	35,929	32,399
Mines and Energy	24,436	2,520	21,916	27,561
Tourism, Culture and Recreation	35,996	3,613	32,383	29,396
Social Sector				
Education	594,874	9,863	585,011	538,947
Health and Community Services	1,557,252	20,476	1,536,776	1,481,505
Human Resources and Employment	256,486	8,735	247,751	250,679
Justice	139,912	10,604	129,308	125,965
Labour	8,646	6,143	2,503	2,319
Municipal and Provincial Affairs	62,961	756	62,205	71,861
Newfoundland and Labrador Housing Corporation	11,125	-	11,125	10,110
Youth Services and Post-Secondary Education	259,986	23,674	236,312	203,909
TOTAL	4,017,878	228,079	3,789,799	3,527,228

STATEMENT VIII

SUMMARY OF CAPITAL ACCOUNT EXPENDITURES

2003-04 and 2002-03 Revised

	2003-04			2002-03
	Gross Expenditure	Related Revenue	Net Expenditure	Revised (Net)
	($000)	($000)	($000)	($000)
General Government Sector				
Consolidated Fund Services	202	13,207	(13,005)	(1,324)
Finance	-	-	-	12,000
Government Services and Lands	307	1,250	(943)	(1,043)
Works, Services and Transportation	96,193	47,097	49,096	41,133
Resource Sector				
Fisheries and Aquaculture	100	-	100	7
Forest Resources and Agrifoods	4,000	-	4,000	3,115
Industry, Trade and Rural Development	3,975	3,305	670	(1,036)
Tourism, Culture and Recreation	1,792	12	1,780	2,617
Social Sector				
Education	8,878	3,013	5,865	551
Health and Community Services	46,164	25,500	20,664	28,442
Municipal and Provincial Affairs	75,544	36,709	38,835	33,259
Youth Services and Post-Secondary Education	6,180	2,150	4,030	8,519
TOTAL	243,335	132,243	111,092	126,240

Note: For details refer to Exhibit XIII.

STATEMENT IX

SUMMARY OF RELATED REVENUES AND EXPENDITURES

BY MAIN OBJECT AND SECTOR

2003-04 and 2002-03 Revised

	General Government Sector 2003/04	Resource Sector 2003/04	Social Sector 2003/04	Total 2003/04	% of 2003/04 Total	Total 2002/03 Revised
	($000)	($000)	($000)	($000)	%	($000)
Current:						
Salaries	173,171	63,936	128,762	365,869	9.11	305,644
Employee Benefits	114,961	643	1,100	116,704	2.90	102,594
Transportation and Communications	12,091	13,899	12,226	38,216	0.95	36,500
Supplies	33,124	9,038	11,965	54,127	1.35	56,274
Professional Services	8,415	4,372	192,837	205,624	5.12	199,680
Purchased Services	63,171	30,472	19,502	113,145	2.82	111,946
Property, Furnishings and Equipment	684	1,715	1,928	4,327	0.11	4,632
Allowances and Assistance	6,466	20	358,915	365,401	9.09	354,388
Grants and Subsidies	10,926	44,041	2,122,411	2,177,378	54.19	2,077,977
Debt Expenses	520,523	-	30,979	551,502	13.72	554,934
Information Technology	12,405	2,563	10,617	25,585	0.64	26,916
Gross Current Expenditure	955,937	170,699	2,891,242	4,017,878	100.00	3,831,485
Federal Revenue Sources	(7,645)	(12,192)	(51,301)	(71,138)	31.19	(75,267)
Provincial Revenue Sources	(119,601)	(8,390)	(28,950)	(156,941)	68.81	(228,990)
Total Current Related Revenues	(127,246)	(20,582)	(80,251)	(228,079)	100.00	(304,257)
Net Current Expenditure	828,691	150,117	2,810,991	3,789,799		3,527,228
Capital:						
Salaries	6,655	226	460	7,341	3.02	7,732
Employee Benefits	-	-	1	1	0.00	1
Transportation and Communications	1,238	35	120	1,393	0.57	2,151
Supplies	684	15	6	705	0.29	783
Professional Services	1,112	243	2,681	4,036	1.66	5,324
Purchased Services	79,490	5,214	26,448	111,152	45.68	107,456
Property, Furnishings and Equipment	5,560	285	31,450	37,295	15.33	11,003
Loans, Advances and Investments	100	3,622	100	3,822	1.57	3,832
Grants and Subsidies	450	227	38,434	39,111	16.07	30,175
Debt Expenses	1,413	-	37,056	38,469	15.81	37,990
Information Technology	-	-	10	10	0.00	16
Expenditure by Sector Before Recharges	96,702	9,867	136,766	243,335	100.00	206,463
Voted in Other Departments and Divisions	6,057	-	-	6,057		6,112
Recharged to Other Departments and Divisions	(6,057)	-	-	(6,057)		(6,112)
Gross Capital Expenditure	96,702	9,867	136,766	243,335		206,463
Federal Revenue Sources	(25,697)	(960)	(65,372)	(92,029)	69.59	(48,070)
Provincial Revenue Sources	(35,857)	(2,357)	(2,000)	(40,214)	30.41	(32,153)
Total Capital Related Revenues	(61,554)	(3,317)	(67,372)	(132,243)	100.00	(80,223)
Net Capital Expenditure	35,148	6,550	69,394	111,092		126,240
Total Net Expenditure	863,839	156,667	2,880,385	3,900,891		3,653,468

EXHIBIT I

SELECTED ECONOMIC STATISTICS

1999 to 2002

	2002	% Change	2001	% Change	2000	% Change	1999
Population as of July 1 (000's)	519.0*	-0.4	521.2*	-0.6	524.2*	-0.7	527.9*
Gross Domestic Product at Market Prices ($ Millions)	15,606*	13.4	13,761	-0.1	13,770	13.0	12,186
Personal Income ($ Millions)	12,120*	5.1	11,528	3.6	11,126	4.6	10,641
Per Capita Personal Income ($)	23,353*	8.1	21,595	4.4	20,685	5.1	19,673
Labour Force, Annual Average (000's)	257.4	2.2	251.9	2.6	245.6	-0.4	246.7
Employment, Annual Average (000's)	213.9	1.2	211.3	3.3	204.6	-0.1	204.9
Unemployment Rate, Annual Average (%)	16.9	5.0	16.1	-3.6	16.7	-1.2	16.9
Wages and Salaries ($ Millions)	6,034	6.9	5,645	4.1	5,421	7.3	5,053
Consumer Price Index(1997=100)	108.4	2.5	105.8	1.1	104.7	2.9	101.7
Volume of Fish Landings (000's of Metric Tonnes)	267.5	2.5	261.0	-2.4	267.4	-1.5	271.4
Value of Fish Landings ($ Millions)	515.4	5.8	487.2	-14.6	570.7	12.1	509.3
Newsprint Shipments (Thousands of Metric Tonnes)	740.3	-0.7	745.8	-7.7	807.8	11.9	722.2
Iron Ore Shipments (Millions of Metric Tonnes)	19.4	11.5	17.4	-17.5	21.1	12.8	18.7
Value of Manufacturing Shipments NAICS ($ Millions)	2,243.3	1.7	2,205.3	-0.9	2,225.7	10.1	2,020.8
Private and Public Capital Investment ($ Millions)	3,247	-1.0	3,279	-0.7	3,301	-7.8	3,582
Dwelling Starts (Number)	2,419	35.3	1,788	22.5	1,459	6.4	1,371
Retail Trade ($ Millions)	5,100	3.2	4,943	9.3	4,522	7.1	4,223
New Motor Vehicle Sales (Number)	25,790	4.6	24,649	3.3	23,859	-2.3	24,421
Oil Production (Millions of Barrels)**	104.3	92.1	54.3	2.8	52.8	45.1	36.4

Note: Some data are preliminary.
Some percent changes are based on unrounded data.
* Estimate of the Economics and Statistics Branch.
**2002 includes both Hibernia and Terra Nova production.

Source: Statistics Canada; Economics and Statistics Branch, Department of Finance.

EXHIBIT II

ESTIMATED PROVINCIAL AND FEDERAL REVENUES

2003-04 and 2002-03 Revised

	2003-04 Estimates	2002-03 Revised
	($000)	($000)
PROVINCIAL TAX SOURCES:		
Personal Income Tax	703,000	671,420
Sales Tax	597,220	593,990
Gasoline Tax	138,000	134,700
Payroll Tax	88,000	83,800
Tobacco Tax	90,500	79,500
Corporate Income Tax	123,436	109,200
Natural Resources Taxes and Royalties	153,200	87,500
Insurance Companies Tax	30,000	29,000
Corporate Capital Tax	7,200	6,900
Forest Management Tax	2,226	2,226
TOTAL: Provincial Tax Sources	1,932,782	1,798,236
OTHER PROVINCIAL SOURCES:		
Newfoundland Liquor Corporation	113,000	93,000
Lottery Revenues	108,000	106,000
Vehicle and Driver Licences	55,000	56,300
Registry of Deeds, Companies and Securities	18,028	18,107
Fines and Forfeitures	6,115	5,755
Inland Fish and Game Licences	4,315	4,315
Water Power Rentals	4,680	4,680
Registry of Personal Property	3,640	3,300
Crown Lands	2,750	2,750
Forestry Royalties and Fees	2,380	2,412
Mining and Petroleum Permits and Fees	1,917	2,072
Offshore Revenue Fund	-	14,030
Other	7,299	7,541
TOTAL: Other Provincial Sources	327,124	320,262
TOTAL: PROVINCIAL SOURCES	2,259,906	2,118,498
GOVERNMENT OF CANADA:		
Equalization and Offsets	1,028,900	1,131,885
Canada Health and Social Transfer (CHST)	397,700	339,707
Statutory Subsidies	1,700	1,700
TOTAL: GOVERNMENT OF CANADA	1,428,300	1,473,292
TOTAL: PROVINCIAL AND FEDERAL REVENUES	3,688,206	3,591,790

EXHIBIT III

CURRENT AND CAPITAL REVENUES
PROVINCIAL AND FEDERAL SOURCES
1999-00 to 2003-04

	2003-04 Estimates		2002-03 Revised		2001-02 Audited		2000-01 Audited		1999-00 Audited	
	($000)	%	($000)	%	($000)	%	($000)	%	($000)	%
Current Revenues :										
Provincial Sources	**2,416,847**	61.7	2,347,488	60.3	2,230,299	58.7	2,020,712	56.2	1,950,387	56.8
Federal Sources	**1,499,438**	38.3	1,548,559	39.7	1,570,500	41.3	1,574,394	43.8	1,482,730	43.2
Total: Current Revenues	**3,916,285**	100.0	3,896,047	100.0	3,800,799	100.0	3,595,106	100.0	3,433,117	100.0
Capital Revenues :										
Provincial Sources	**40,214**	30.4	32,153	40.1	61,129	51.5	76,671	57.0	63,288	48.1
Federal Sources	**92,029**	69.6	48,070	59.9	57,633	48.5	57,949	43.0	68,377	51.9
Total: Capital Revenues	**132,243**	100.0	80,223	100.0	118,762	100.0	134,620	100.0	131,665	100.0
Current and Capital Revenues :										
Provincial Sources	**2,457,061**	60.7	2,379,641	59.8	2,291,428	58.5	2,097,383	56.2	2,013,675	56.5
Federal Sources	**1,591,467**	39.3	1,596,629	40.2	1,628,133	41.5	1,632,343	43.8	1,551,107	43.5
Total: Current and Capital Revenues	**4,048,528**	100.0	3,976,270	100.0	3,919,561	100.0	3,729,726	100.0	3,564,782	100.0

EXHIBIT IV

EXPENDITURE SUMMARY

2003-04 Estimated

Head	Total		Current		Capital	
	Gross ($000)	Net ($000)	Gross ($000)	Net ($000)	Gross ($000)	Net ($000)
Consolidated Fund Services	594,502	527,191	594,300	540,196	202	(13,005)
Executive Council	35,069	33,974	35,069	33,974	-	-
Finance	103,045	65,644	103,045	65,644	-	-
Government Services and Lands	28,794	24,841	28,487	25,784	307	(943)
Labrador and Aboriginal Affairs	7,732	3,263	7,732	3,263	-	-
Legislature	17,924	17,778	17,924	17,778	-	-
Public Service Commission	2,795	2,795	2,795	2,795	-	-
Works, Services and Transportation	262,778	188,353	166,585	139,257	96,193	49,096
Environment	7,295	6,222	7,295	6,222	-	-
Fisheries and Aquaculture	9,616	9,333	9,516	9,233	100	100
Forest Resources and Agrifoods	57,682	48,434	53,682	44,434	4,000	4,000
Industry, Trade and Rural Development	43,749	36,599	39,774	35,929	3,975	670
Mines and Energy	24,436	21,916	24,436	21,916	-	-
Tourism, Culture and Recreation	37,788	34,163	35,996	32,383	1,792	1,780
Education	603,752	590,876	594,874	585,011	8,878	5,865
Health and Community Services	1,603,416	1,557,440	1,557,252	1,536,776	46,164	20,664
Human Resources and Employment	256,486	247,751	256,486	247,751	-	-
Justice	139,912	129,308	139,912	129,308	-	-
Labour	8,646	2,503	8,646	2,503	-	-
Municipal and Provincial Affairs	138,505	101,040	62,961	62,205	75,544	38,835
Newfoundland and Labrador Housing Corporation	11,125	11,125	11,125	11,125	-	-
Youth Services and Post-Secondary Education	266,166	240,342	259,986	236,312	6,180	4,030
TOTAL	4,261,213	3,900,891	4,017,878	3,789,799	243,335	111,092

EXPENDITURE SUMMARY

2002-03 Revised

Consolidated Fund Services	592,773	490,690	592,684	492,014	89	(1,324)
Executive Council	31,679	29,336	31,679	29,336	-	-
Finance	59,347	7,169	47,347	(4,831)	12,000	12,000
Government Services and Lands	28,185	23,842	27,978	24,885	207	(1,043)
Labrador and Aboriginal Affairs	7,236	2,959	7,236	2,959	-	-
Legislature	13,971	13,825	13,971	13,825	-	-
Public Service Commission	2,173	2,173	2,173	2,173	-	-
Works, Services and Transportation	256,630	179,496	166,713	138,363	89,917	41,133
Environment	6,993	6,532	6,993	6,532	-	-
Fisheries and Aquaculture	10,015	8,726	9,915	8,719	100	7
Forest Resources and Agrifoods	53,747	41,717	50,632	38,602	3,115	3,115
Industry, Trade and Rural Development	43,673	31,363	37,780	32,399	5,893	(1,036)
Mines and Energy	30,266	27,561	30,266	27,561	-	-
Tourism, Culture and Recreation	34,896	32,013	32,279	29,396	2,617	2,617
Education	547,082	539,498	546,531	538,947	551	551
Health and Community Services	1,536,243	1,509,947	1,504,751	1,481,505	31,492	28,442
Human Resources and Employment	258,974	250,679	258,974	250,679	-	-
Justice	137,402	125,965	137,402	125,965	-	-
Labour	7,026	2,319	7,026	2,319	-	-
Municipal and Provincial Affairs	124,801	105,120	73,063	71,861	51,738	33,259
Newfoundland and Labrador Housing Corporation	10,110	10,110	10,110	10,110	-	-
Youth Services and Post-Secondary Education	244,726	212,428	235,982	203,909	8,744	8,519
TOTAL	4,037,948	3,653,468	3,831,485	3,527,228	206,463	126,240

EXHIBIT V

PUBLIC SECTOR DEBT

1999 to 2003

	Five Years ending March 31				
	2003*	2002	2001	2000	1999
	(Millions of dollars)				
Provincial Direct Debt:					
Payable in Canadian Dollars	3,714.1	3,464.1	3,458.5	3,059.2	2,659.9
Due Government of Canada	633.7	633.7	634.3	634.3	638.4
Payable in U.S. Dollars (Note 1)	1,706.7	1,833.3	1,849.8	1,700.9	1,770.4
Payable in Japanese Yen	-	-	28.9	32.3	89.1
Payable in Swiss Francs (Note 1)	163.8	284.4	272.8	392.1	457.8
Total Debenture and Other Debt	6,218.3	6,215.5	6,244.3	5,818.8	5,615.6
Treasury Bills	494.0	494.0	390.0	390.0	390.0
Total Provincial Direct Debt (Note 2)	6,712.3	6,709.5	6,634.3	6,208.8	6,005.6
Crown Corporation and Other Debt:					
Utility	1,293.9	1,150.2	1,055.6	1,061.0	1,096.1
Housing	65.1	79.4	124.4	127.0	126.0
Municipal	584.1	594.4	579.1	538.1	567.7
Other	277.4	230.7	195.3	153.4	38.7
Total Crown Corporation and Other Debt	2,220.5	2,054.7	1,954.4	1,879.5	1,828.5
Deduct Sinking Funds held for Redemption of Debt:					
Direct Debt (Note 3)	808.3	1,029.9	1,282.3	1,228.6	1,123.0
Guaranteed Debt	261.9	232.0	244.4	223.6	237.8
Total Sinking Funds	1,070.2	1,261.9	1,526.7	1,452.2	1,360.8
Total Public Sector Debt	7,862.6	7,502.3	7,062.0	6,636.1	6,473.3

* Forecast

Notes:

1. For 2003, foreign currency debt is converted to the Canadian dollar equivalent using the closing exchange rates in effect on March 13, 2003.

2. Between 1999 and 2003, the Province borrowed a total of $614 million for the purpose of making special payments to address the unfunded liabilities of its pension plans.

3. During the 1999-2003 period, sinking fund assets in excess of $390 million were returned to the Province upon the wind-up of voluntary sinking funds related to borrowings from the Canada Pension Plan.

EXHIBIT VI

SUMMARY OF CURRENT REVENUES (By Source)

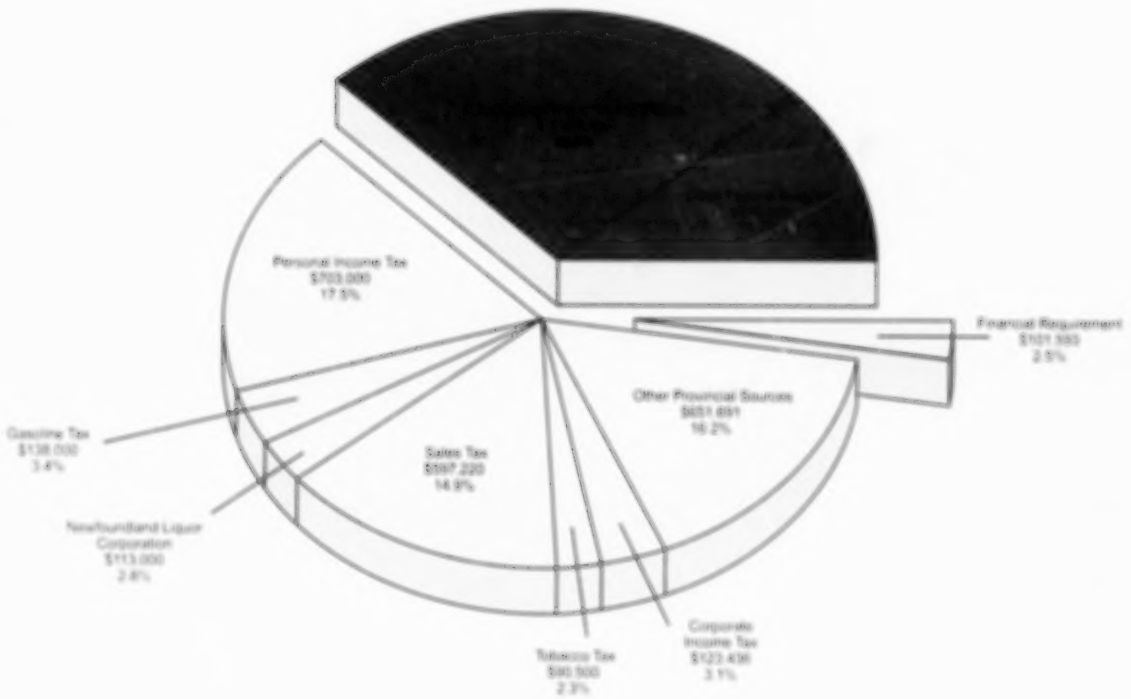
WHERE THE MONEY COMES FROM

Percentage Of Total		Source	Amount ($000)	
Revised 2002-03	Estimate 2003-04		Estimate 2003-04	Revised 2002-03
		Provincial:		
17.1	17.1	Provincial Income Tax	725,900	671,420
14.2	14.0	Sales Tax	597,200	557,990
3.4	3.4	Gasoline Tax	139,000	134,720
2.4	2.6	Non-Residential School Corporation	113,000	92,000
2.0	2.1	Tobacco Tax	90,000	79,500
3.0	3.1	Corporation Income Tax	123,436	109,200
17.1	15.7	Other Provincial Revenue	651,691	663,878
59.2	58.0	Total: Provincial	2,439,227	2,347,488
		Government of Canada:		
29.1	29.4	Equalization Payments and EPF/CHT	1,209,900	1,137,885
11.7	12.6	Other Federal Revenue	475,038	476,672
40.8	42.0	Total: Government of Canada	1,684,938	1,614,557
100.0	100.0	Total: Current Revenues	4,124,165	3,962,045
	2.3	Financial Requirement	101,430	
100.0	102.3	Total	4,225,595	3,962,045

EXHIBIT VI

SUMMARY OF CURRENT REVENUES (By Source)

WHERE THE MONEY COMES FROM

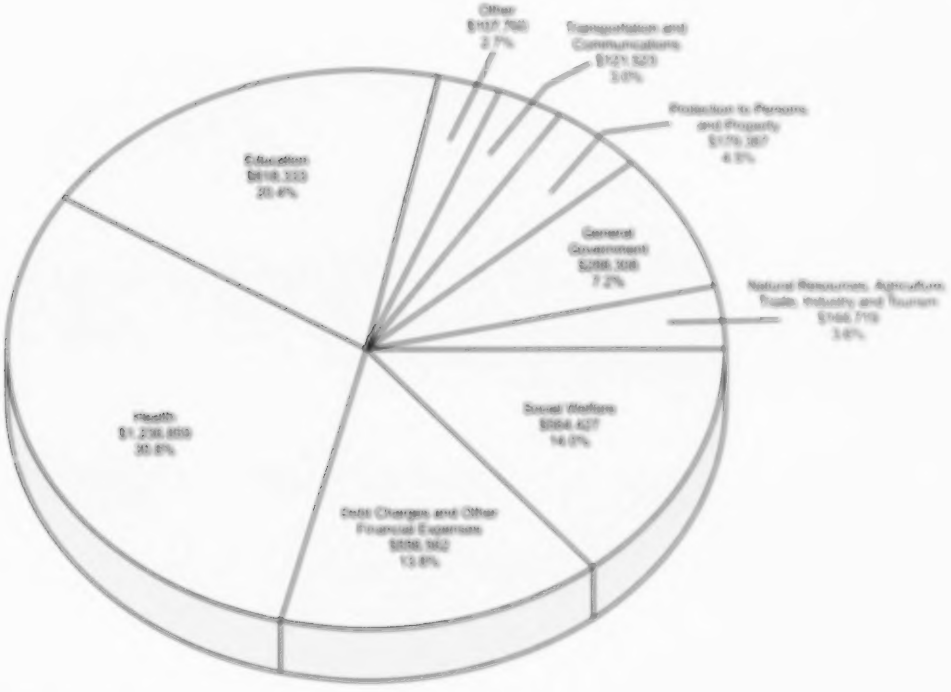


Percentage Of Total		Source	Amount ($000)	
Revised 2002-03	Estimate 2003-04		Estimate 2003-04	Revised 2002-03
		Provincial:		
17.2	17.5	Personal Income Tax	703,000	671,420
15.2	14.9	Sales Tax	597,220	593,990
3.5	3.4	Gasoline Tax	138,000	134,700
2.4	2.8	Newfoundland Liquor Corporation	113,000	93,000
2.0	2.3	Tobacco Tax	90,500	79,500
2.8	3.1	Corporate Income Tax	123,436	108,200
17.1	16.2	Other Provincial Sources	651,691	665,678
60.2	60.2	**Total: Provincial**	2,416,847	2,347,488
		Government of Canada:		
29.1	25.6	Equalization Payments and Offsets	1,028,900	1,131,885
10.7	11.7	Other Federal Sources	470,538	416,674
39.8	37.3	**Total: Government of Canada**	1,499,438	1,548,559
100.0	97.5	**Total: Current Revenues**	3,916,285	3,896,047
-	2.5	**Financial Requirement**	101,593	-
100.0	100.0	**Total**	4,017,878	3,896,047

EXHIBIT VII

SUMMARY OF CURRENT ACCOUNT EXPENDITURES (By Function)

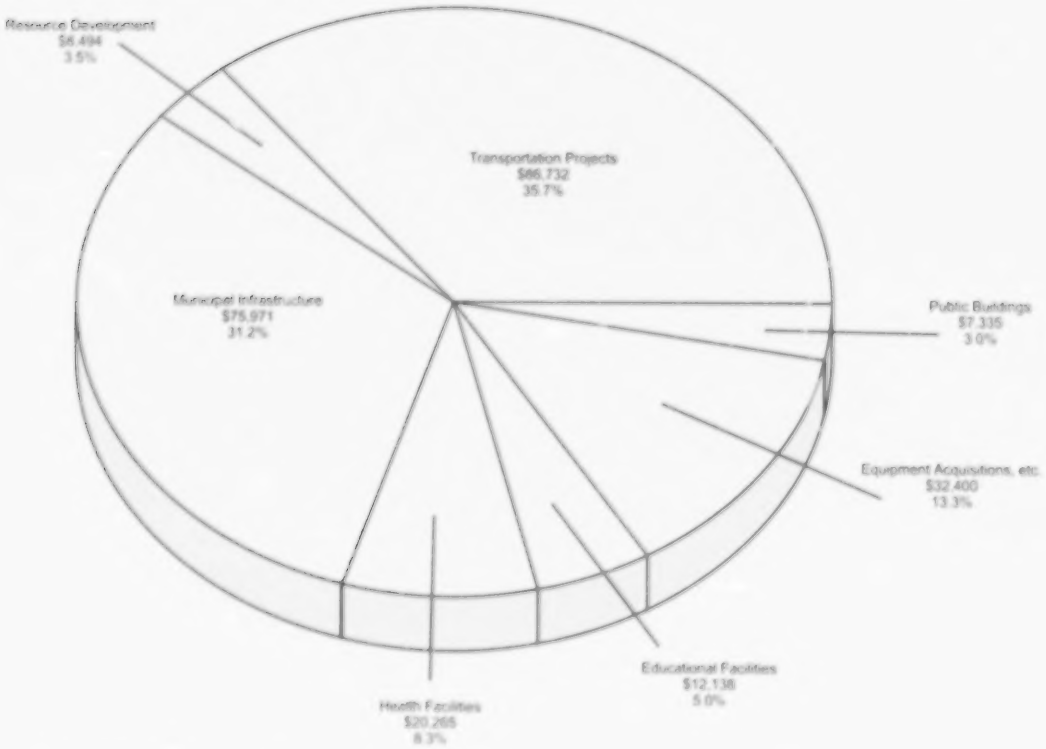
WHERE THE MONEY GOES



Percentage of Total		Function of Expenditure	Amount ($000)	
Revised 2002-03	Estimate 2003-04		Estimate 2003-04	Revised 2002-03
		Expenditure:		
19.4	20.4	Education	819,333	754,642
30.7	30.8	Health	1,236,859	1,198,015
14.4	13.8	Debt Charges and Other Financial Expenses	556,562	559,953
14.2	14.0	Social Welfare	564,427	552,948
3.7	3.6	Natural Resources, Agriculture, Trade, Industry and Tourism	144,719	144,084
5.5	7.2	General Government	288,308	216,779
4.5	4.5	Protection to Persons and Property	179,387	174,251
3.2	3.0	Transportation and Communications	121,523	123,521
2.7	2.7	Other	107,760	107,360
96.3	100.0	**Total: Expenditures**	4,017,878	3,831,485
1.7		**Financial Contribution/(Deficit)**	(101,593)	64,562
100.0	100.0	**Total:**	3,916,285	3,896,047

EXHIBIT VIII

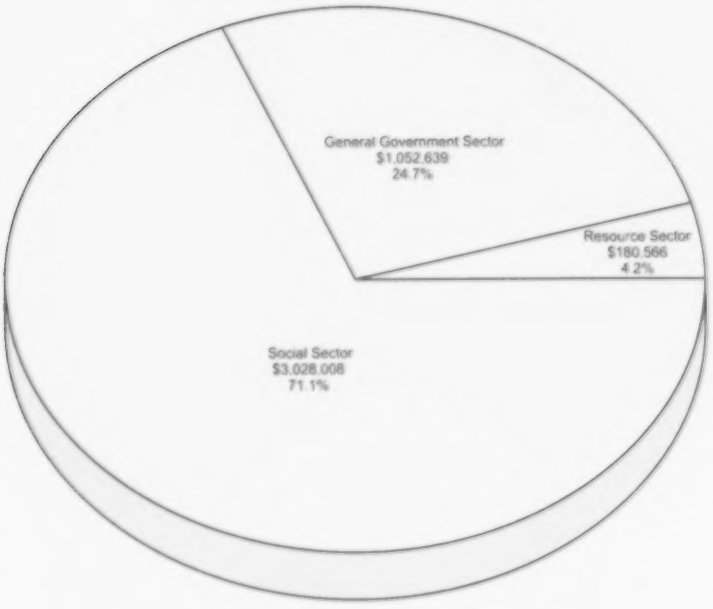
SUMMARY OF GROSS CAPITAL ACCOUNT EXPENDITURES
(By Function)



Percentage of Total		Category of Capital Expenditure	Amount ($000)	
Revised 2002-03	Estimate 2003-04		Estimate 2003-04	Revised 2002-03
		Expenditure:		
40.2	35.7	Transportation Projects	86,732	83,093
9.5	3.5	Resource Development	8,494	19,513
25.7	31.2	Municipal Infrastructure	75,971	52,965
14.8	8.3	Health Facilities	20,265	30,582
3.4	5.0	Educational Facilities	12,138	7,060
3.2	13.3	Equipment Acquisitions, etc.	32,400	6,685
3.2	3.0	Public Buildings	7,335	6,585
100.0	100.0	**Total: Expenditure**	243,335	206,463
		Source of Financing:		
23.3	37.8	Government of Canada Revenues	92,029	48,070
15.6	16.5	Provincial Revenues	40,214	32,153
61.1	45.7	Financial Requirement	111,092	126,240
100.0	100.0	**Total: Sources**	243,335	206,463

EXHIBIT IX

SUMMARY OF GROSS GOVERNMENT EXPENDITURES
CURRENT AND CAPITAL
(By Sector)



(TOTAL EXPENDITURE: $ 4,261,212,900)

GROSS GOVERNMENT EXPENDITURE

	Estimate 2003-04 ($000)	Percentage of Total %
Sector Expenditure		
General Government	1,052,639	24.7
Resource	180,566	4.2
Social	3,028,008	71.1
Total: Expenditure	4,261,213	100.0

RESOURCE SECTOR

	Estimate 2003-04 ($000)	Percentage of Total %
Environment	7,295	0.2
Fisheries and Aquaculture	9,616	0.2
Forest Resources and Agrifoods	57,682	1.3
Industry, Trade and Rural Development	43,749	1.0
Mines and Energy	24,436	0.6
Tourism, Culture and Recreation	37,788	0.9
Total: Resource Sector	180,566	4.2

SOCIAL SECTOR

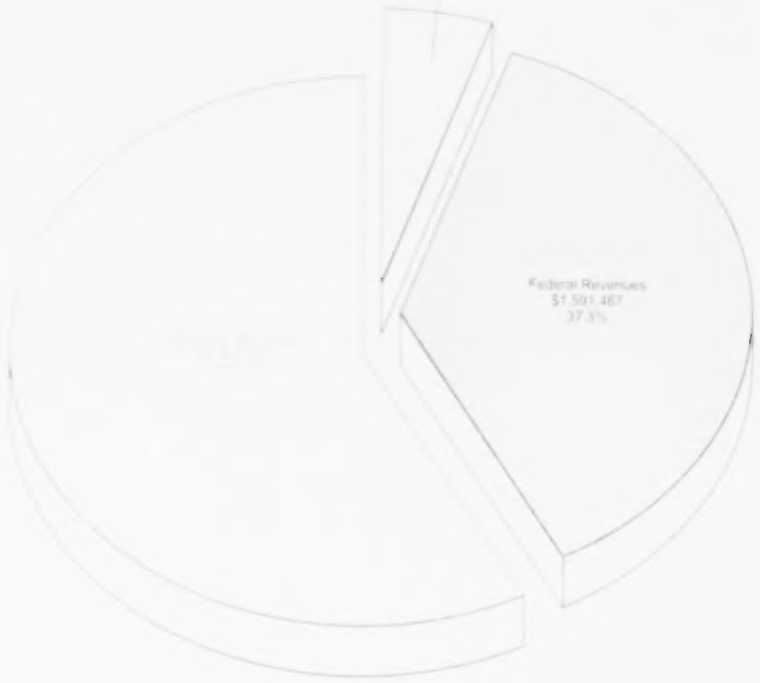
	Estimate 2003-04 ($000)	Percentage of Total %
Education	603,732	14.2
Health and Community Services	1,603,416	37.6
Human Resources and Employment	256,486	6.0
Justice	139,912	3.3
Labour	8,646	0.2
Municipal and Provincial Affairs	138,505	3.3
Newfoundland and Labrador Housing Corporation	11,125	0.3
Youth Services and Post-Secondary Education	266,166	6.2
Total: Social Sector	3,028,008	71.1

GENERAL GOVERNMENT SECTOR

	Estimate 2003-04 ($000)	Percentage of Total %
Consolidated Fund Services	584,502	13.9
Executive Council	36,069	0.8
Finance	103,045	2.4
Government Services and Lands	28,794	0.7
Labrador and Aboriginal Affairs	7,732	0.2
Legislature	17,924	0.4
Public Service Commission	2,795	0.1
Works, Services and Transportation	262,778	6.2
Total: General Government Sector	1,052,639	24.7

EXHIBIT X

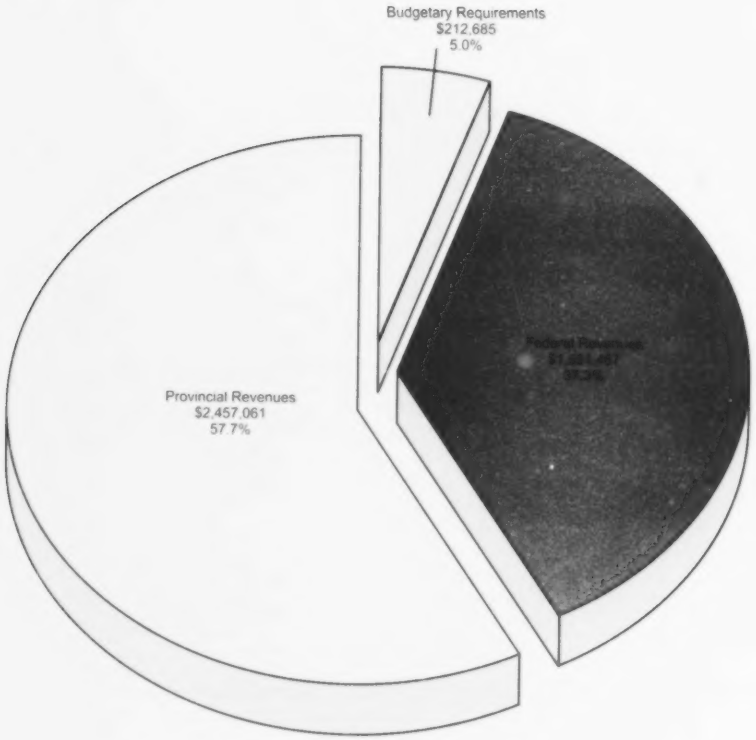
SUMMARY OF BUDGETARY FINANCING SOURCES
(For Gross Current and Capital Account Expenditures)



Percentage of Total		Category of Financing	Amount ($000)	
Revised 2002-03	Estimate 2003-04		Estimate 2003-04	Revised 2002-03
		Revenue Sources:		
58.9	57.1	Provincial	2,457,061	2,379,641
38.1	37.3	Federal	1,591,467	1,596,629
96.9	94.3		4,048,528	3,976,270
		Budgetary Requirements:		
		Capital Account (Net Expenditures)	111,092	126,240
		Current Account (Contributions)	101,593	(64,562)
3.1	5.7	Total Budgetary Requirements	212,685	61,678
100.0	100.0	**Total: Sources**	4,251,213	4,037,948

EXHIBIT X

SUMMARY OF BUDGETARY FINANCING SOURCES
(For Gross Current and Capital Account Expenditures)



Percentage of Total		Category of Financing	Amount ($000)	
Revised 2002-03	Estimate 2003-04		Estimate 2003-04	Revised 2002-03
		Revenue Sources:		
58.9	57.7	Provincial	2,457,061	2,379,641
39.6	37.3	Federal	1,591,467	1,596,629
98.5	95.0		4,048,528	3,976,270
		Budgetary Requirements:		
		Capital Account (Net Expenditure)	111,092	126,240
		Current Account (Contribution)	101,593	(64,562)
1.5	5.0	Total Budgetary Requirements:	212,685	61,678
100.0	100.0	**Total: Sources**	4,261,213	4,037,948

EXHIBIT XI

SUMMARY OF SALARY COSTS BY DEPARTMENT

2003-04 and 2002-03 (Revised)

DEPARTMENT	2003-04 Estimates $	2002-03 Revised $
Executive Council	18,558,300	17,026,500
Finance*	54,189,200	7,330,500
Government Services and Lands	19,785,400	19,103,100
Labrador and Aboriginal Affairs	1,777,400	1,724,700
Legislature	8,218,900	6,176,500
Public Service Commission	2,143,500	1,718,200
Works, Services and Transportation	75,154,100	73,907,300
Environment	4,536,300	4,106,000
Fisheries and Aquaculture	5,403,600	4,948,500
Forest Resources and Agrifoods	23,363,400	22,866,800
Industry, Trade and Rural Development	9,692,700	9,076,000
Mines and Energy	8,171,400	7,311,800
Tourism, Culture and Recreation	12,993,800	12,324,200
Education	8,485,700	8,225,200
Health and Community Services	11,891,000	11,223,400
Human Resources and Employment	22,277,300	21,503,000
Justice	67,102,400	66,385,800
Labour	5,823,500	4,706,500
Municipal and Provincial Affairs	6,693,300	6,751,100
Youth Services and Post-Secondary Education	6,949,100	6,961,300
TOTAL	373,210,300	313,376,400
Less: Capital Account Salary Expenditure	7,340,900	7,732,200
Total: Current Account Salary Expenditure	365,869,400	305,644,200

* Includes provision for various compensation adjustments for certain public sector bargaining groups.

EXHIBIT XII

ESTIMATED INTEREST AND DEBT RETIREMENT 2003-04

Term	Series	Amount Outstanding	Interest Rate	Sinking Fund Rate	Interest	Sinking Fund	Debt Redemption Net of Sinking Funds
			%	%	$	$	$
Payable in Canadian Dollars:							
1987/2007	5S	42,300,000	10.79	2	4,564,200	846,000	
1987/2010	5R	100,000,000	9⅜	2	9,375,000	2,000,000	
1988/2008	5T	100,000,000	11¼	2	11,250,000	2,000,000	
1989/2012	5U	125,000,000	11	2	13,750,000	2,500,000	
1989/2014	5V	150,000,000	10⅛	1½	15,187,500	2,250,000	
1991/2021	5X	147,892,000	10.95	-	16,194,200		
1993/2013	EC6	150,000,000	8¾	2	13,125,000	3,000,000	
1995/2025	6B	100,000,000	9.15	¾	9,150,000	750,000	
1996/2004	5Z	98,895,000	9.55	-	9,444,500		
1996/2026	6C	150,000,000	8.45	¾	12,675,000	1,125,000	
1997/2007	6E	150,000,000	5.90	-	8,850,000		
1998/2008	6G	250,000,000	5.70	-	14,250,000		
1998/2028	6F	450,000,000	6.15	1	27,675,000	4,500,000	
1999/2009	6J	200,000,000	6.70	-	13,400,000		
1999/2029	6H	200,000,000	6.50	1⅛	13,000,000	2,250,000	
2000/2030	6K	450,000,000	6.55	1⅛	29,475,000	5,062,500	
2001/2005	6M	100,000,000	4.61	-	4,610,000		
2001/2011	6L	200,000,000	6.4	-	12,800,000		
2002/2005	6N	40,000,000	FLOATING	-	1,700,000		
2002/2005	6P	60,000,000	FLOATING	-	2,550,000		
2002/2042	6Q	250,000,000	6.24	½	15,600,000	1,250,000	
2003/2010	EC7	200,000,000	5⅛	-	8,789,700		
2003/2004 Anticipated					9,375,000		
					276,790,100	27,533,500	
Payable in United States Dollars:							
1987/2007	AF	100,000,000	11⅝	2	17,263,100	2,970,000	
1989/2019	AG	150,000,000	9	1½	20,047,500	3,341,300	
1990/2020	AH	150,000,000	9⅞	½	21,996,600	1,113,800	
1990/2020	AJ	150,000,000	10	½	22,275,000	1,113,800	
1991/2021	AK	200,000,000	9	½	26,730,000	1,485,000	
1992/2022	AM	200,000,000	8.65	½	25,690,500	1,485,000	
1993/2023	AN	200,000,000	7.32	¾	21,740,400	2,227,500	
					155,743,100	13,736,400	

ESTIMATED INTEREST AND DEBT RETIREMENT 2003-04 (Cont'd)

Term	Series	Amount Outstanding	Interest Rate	Sinking Fund Rate	Interest	Sinking Fund	Debt Redemption Net of Sinking Funds
			%	%	$	$	$
Payable in Swiss Francs:							
1991/2003	S7	150,000,000	7	2	11,760,000		127,500,000
					11,760,000		127,500,000
					444,293,200	41,269,900	127,500,000
Canada Pension Plan: (20 Year Term)							
1983/84	3A	50,738,000	10.92-12.14	-	3,851,000		
1984/85	3A	47,146,000	12.08-14.06	-	6,303,100		
1985/86	3A	50,570,000	10.58-12.57	-	5,806,900		
1986/87	3A	59,659,000	9.04-10.17	-	5,735,200		
1987/88	3A	43,829,000	9.12-11.07	-	4,280,400		
1988/89	3A	41,635,000	9.62-10.39	-	4,196,400		
1989/90	3A	45,188,000	9.15-10.31	-	4,475,100		
1990/91	3A	40,432,000	9.78-11.33	-	4,385,400		
1991/92	3A	40,858,000	9.81-10.04	-	4,052,800		
1992/93	3A	28,770,000	9.17- 9.45	-	2,695,300		
1998/99	3A	1,827,000	5.97	-	109,100		
1999/00	3A	35,282,000	5.89-7.02	-	2,248,100		
2000/01	3A	42,645,000	6.41-6.90	-	2,851,100		
2001/02	3A	52,376,113	6.38-6.85	-	3,452,800		
2002/03	3A	52,104,000	5.88-6.61	-	3,275,400		
2003/2004 Anticipated					1,110,800		
					58,828,900		
TOTAL					503,122,100	41,269,900	127,500,000

EXCHANGE RATES USED IN CONVERSION

U.S..... 1.4850 Cdn.
S.F. ..... 1.1200 Cdn.

EXHIBIT XIII

DETAILS OF CAPITAL EXPENDITURES

ESTIMATES 2003-04

ACTIVITY NO.	DETAILS	GROSS EXPENDITURE	RELATED REVENUE	NET EXPENDITURE
		$	$	$
CONSOLIDATED FUND SERVICES				
1.2.01	Recoveries on Loans, Advances and Investments	-	13,205,200	(13,205,200)
1.3.01	Various Facilities - Rental Purchase	101,400	-	101,400
1.4.02	Issues Under Guarantee(Statutory)	100,000	1,000	99,000
TOTAL		201,400	13,206,200	(13,004,800)
GOVERNMENT SERVICES AND LANDS				
4.1.05	Land Development	307,400	1,250,000	(942,600)
TOTAL		307,400	1,250,000	(942,600)
WORKS, SERVICES AND TRANSPORTATION				
2.2.05	Salt Storage Sheds	300,000	-	300,000
2.2.06	Alterations - Leased Accommodations	75,000	-	75,000
2.3.03	Heavy Equipment	3,500,000	125,000	3,375,000
3.2.01	Administrative Support - Road Construction	449,500	-	449,500
3.2.02	Pre-Engineering - Road Construction	650,000	-	650,000
3.2.03	Improvement and Construction - Provincial Roads	23,500,000	500,000	23,000,000
3.2.04	Highways - Transportation Initiative	6,000,000	6,000,000	-
3.2.05	Regional Roads - Transportation Initiative	3,652,000	3,652,000	-
3.2.06	Trans Labrador Highway	26,150,000	26,150,000	-
3.2.07	Strategic Highway Infrastructure Program	14,990,000	6,845,000	8,145,000
3.2.08	Land Acquisition	2,000,000	-	2,000,000
3.3.01	Alterations and Improvements to Existing Facilities	6,300,000	75,000	6,225,000
3.3.02	Development of New Facilities	500,000	-	500,000
3.3.03	Advanced Planning - Studies	100,000	-	100,000
3.3.04	Realty Services	40,000	-	40,000
4.1.03	Airstrips	1,000,000	1,000,000	-
4.2.04	Ferry Terminals	3,420,000	2,750,000	670,000
4.2.05	Ferry Vessels	3,566,900	-	3,566,900
TOTAL		96,193,400	47,097,000	49,096,400
FISHERIES AND AQUACULTURE				
2.1.03	Fisheries Facilities	100,000	-	100,000
TOTAL		100,000	-	100,000
FOREST RESOURCES AND AGRIFOODS				
2.1.04	Resource Roads Construction	3,800,000	-	3,800,000
3.1.03	Land Development	200,000	-	200,000
TOTAL		4,000,000	-	4,000,000
INDUSTRY, TRADE AND RURAL DEVELOPMENT				
3.2.04	Comprehensive Economic Development	1,353,100	947,200	405,900
3.3.02	Strategic Enterprise Development Fund	2,621,500	2,358,000	263,500
TOTAL		3,974,600	3,305,200	669,400

EXHIBIT XIII

DETAILS OF CAPITAL EXPENDITURES

ESTIMATES 2003-04

ACTIVITY NO.	DETAILS	GROSS EXPENDITURE	RELATED REVENUE	NET EXPENDITURE
		$	$	$
TOURISM, CULTURE AND RECREATION				
3.1.06	Newfoundland and Labrador Film Development Corporation	1,000,000	-	1,000,000
3.1.07	Support for Cultural Activities	200,000	-	200,000
3.1.08	Historic Sites Development	110,000	10,000	100,000
4.1.02	Park Development	250,000	-	250,000
4.1.03	National Parks	5,000	2,500	2,500
6.1.02	Community Sports Facilities	227,000	-	227,000
TOTAL		1,792,000	12,500	1,779,500
EDUCATION				
2.1.08	Newfoundland and Labrador Education Investment Corporation	7,618,100	2,568,100	5,050,000
2.1.09	Native People's Education	250,000	-	250,000
3.2.04	Canada Strategic Infrastructure Fund	890,000	445,000	445,000
4.2.02	Provincial Information and Library Resources	120,000	-	120,000
TOTAL		8,878,100	3,013,100	5,865,000
HEALTH AND COMMUNITY SERVICES				
3.3.01	Furnishings and Equipment	26,000,000	25,500,000	500,000
3.3.02	Health Care Facilities	20,164,100	-	20,164,100
TOTAL		46,164,100	25,500,000	20,664,100
MUNICIPAL AND PROVINCIAL AFFAIRS				
3.2.01	Municipal Infrastructure	35,861,900	-	35,861,900
3.2.02	Canada-Newfoundland and Labrador Infrastructure Program	25,754,000	25,600,000	154,000
3.2.03	Community Development - Coastal Labrador	10,527,900	5,603,700	4,924,200
4.1.03	Disaster Assistance	3,300,000	5,404,800	(2,104,800)
4.1.04	Joint Emergency Preparedness Projects	100,000	100,000	-
TOTAL		75,543,800	36,708,500	38,335,300
YOUTH SERVICES AND POST-SECONDARY EDUCATION				
3.1.05	Skills Training Projects - Offshore Fund	200,000	150,000	50,000
3.2.02	Physical Plant and Equipment - Memorial University	3,179,800	2,000,000	1,179,800
3.3.02	Physical Plant and Equipment - College of the North Atlantic	2,800,000	-	2,800,000
TOTAL		6,179,800	2,150,000	4,029,800
TOTAL: CAPITAL ACCOUNT EXPENDITURES		243,334,600	132,242,500	111,092,100

EXHIBIT XIV

DETAILS OF TANGIBLE CAPITAL ASSET ACQUISITIONS

ESTIMATES 2003-04

ACTIVITY NO.	DETAILS	GROSS EXPENDITURE $	RELATED REVENUE $	NET EXPENDITURE $
EXECUTIVE COUNCIL				
3.1.03	Budgeting and Systems	148,300	-	148,300
3.1.09	Office of the Comptroller General	212,100	-	212,100
TOTAL		360,400	-	360,400
FINANCE				
2.1.01	Pensions Administration	212,100	-	212,100
2.2.04	Tax Administration	161,000	-	161,000
TOTAL		373,100	-	373,100
GOVERNMENT SERVICES AND LANDS				
3.1.02	Driver Examinations and Weigh Scale Operations	30,000	-	30,000
3.1.04	National Safety Code	80,000	-	80,000
TOTAL		110,000	-	110,000
WORKS, SERVICES AND TRANSPORTATION				
1.2.02	Administrative Support	185,000	-	185,000
2.2.05	Salt Storage Sheds	300,000	-	300,000
2.3.03	Heavy Equipment	3,500,000	125,000	3,375,000
3.2.03	Improvement and Construction - Provincial Roads	11,750,000	-	11,750,000
3.2.04	Highways - Transportation Initiative	3,000,000	3,000,000	-
3.2.05	Regional Roads - Transportation Initiative	1,826,000	1,826,000	-
3.2.06	Trans Labrador Highway	26,150,000	26,150,000	-
3.2.07	Strategic Highway Infrastructure Program	10,000,000	3,422,500	6,577,500
3.2.08	Land Acquisition	2,000,000	-	2,000,000
3.3.01	Alterations and Improvements to Existing Facilities	1,700,000	-	1,700,000
3.3.02	Development of New Facilities	500,000	-	500,000
4.1.03	Airstrips	500,000	500,000	-
4.2.04	Ferry Terminals	2,920,000	2,750,000	170,000
4.2.05	Ferry Vessels	1,000,000	-	1,000,000
TOTAL		65,331,000	37,773,500	27,557,500
ENVIRONMENT				
1.2.02	Administrative Support	155,000	-	155,000
TOTAL		155,000	-	155,000
FOREST RESOURCES AND AGRIFOODS				
2.1.02	Operations and Implementation	50,000	-	50,000
2.1.04	Resource Roads Construction	3,800,000	-	3,800,000
3.1.03	Land Development	200,000	-	200,000
3.2.01	Administration and Support Services	75,000	-	75,000
TOTAL		4,125,000	-	4,125,000

EXHIBIT XIV

DETAILS OF TANGIBLE CAPITAL ASSET ACQUISITIONS

ESTIMATES 2003-04

ACTIVITY NO.	DETAILS	GROSS EXPENDITURE $	RELATED REVENUE $	NET EXPENDITURE $
INDUSTRY, TRADE AND RURAL DEVELOPMENT				
3.2.02	Comprehensive Economic Development	1,353,100	947,200	405,900
TOTAL		1,353,100	947,200	405,900
MINES AND ENERGY				
2.1.02	Mineral Lands	200,000	-	200,000
TOTAL		200,000	-	200,000
TOURISM, CULTURE AND RECREATION				
1.2.02	Administrative Support	200,000	-	200,000
5.1.01	Administration - Endangered Species and Conservation Services	181,300	-	181,300
TOTAL		381,300	-	381,300
EDUCATION				
1.2.02	Administrative Support	100,000	-	100,000
TOTAL		100,000	-	100,000
HEALTH AND COMMUNITY SERVICES				
1.2.02	Administrative Support	100,000	-	100,000
3.1.01	Community Services	1,065,000	-	1,065,000
3.3.01	Furnishings and Equipment	26,000,000	25,500,000	500,000
3.3.02	Health Care Facilities	16,400,000	-	16,400,000
TOTAL		43,565,000	25,500,000	18,065,000
HUMAN RESOURCES AND EMPLOYMENT				
2.1.01	Client Services	324,000	-	324,000
TOTAL		324,000	-	324,000
JUSTICE				
3.1.01	Supreme Court	90,700	-	90,700
3.2.01	Provincial Court	115,000	-	115,000
4.1.01	Royal Newfoundland Constabulary	320,000	-	320,000
4.2.01	Adult Corrections	89,400	-	89,400
TOTAL		615,100	-	615,100
MUNICIPAL AND PROVINCIAL AFFAIRS				
1.2.02	Administrative Support	10,900	-	10,900
TOTAL		10,900	-	10,900

EXHIBIT XIV

DETAILS OF TANGIBLE CAPITAL ASSET ACQUISITIONS

ESTIMATES 2003-04

ACTIVITY NO.	DETAILS	GROSS EXPENDITURE	RELATED REVENUE	NET EXPENDITURE
		$	$	$
YOUTH SERVICES AND POST-SECONDARY EDUCATION				
3.3.02	Physical Plant and Equipment - College of the North Atlantic	2,300,000	-	2,300,000
TOTAL		2,300,000	-	2,300,000
TOTAL: TANGIBLE CAPITAL ASSET ACQUISITIONS		119,303,900	64,220,700	55,083,200

Note:

1. Net acquisitions of Tangible Capital Assets include work-in-progress and land assets which are not depreciable.

2. As a result of Government's decision to include accrual-based budgetary information, estimates have been made in relation to tangible capital asset acquisitions, work-in-progress and depreciation amounts as part of the budget process. The information contained in this appendix is to be considered transitional.